

SLAUGHTER AND MAY/

# IN-HOUSE PROGRAMME 2023

Inflation, Interest Rates and Insolvency

**M&A in a Challenging Market**

Joshua Bauernfreund and Emily Hunter



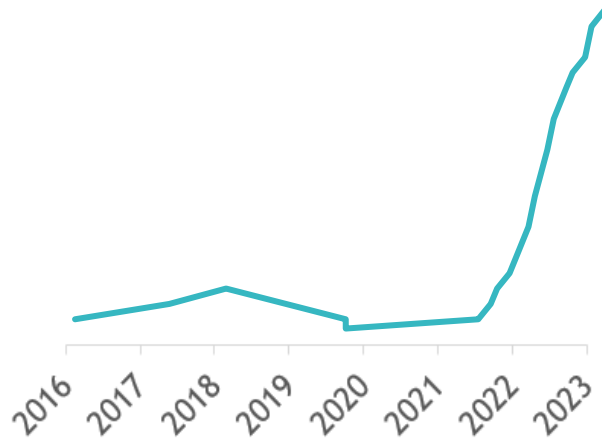
Joshua Bauernfreund  
Senior Counsel  
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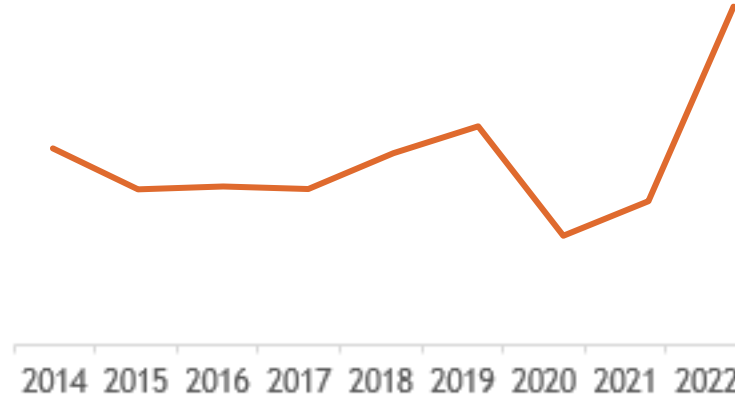
Emily Hunter  
Associate  
Corporate and M&A

# A challenging market

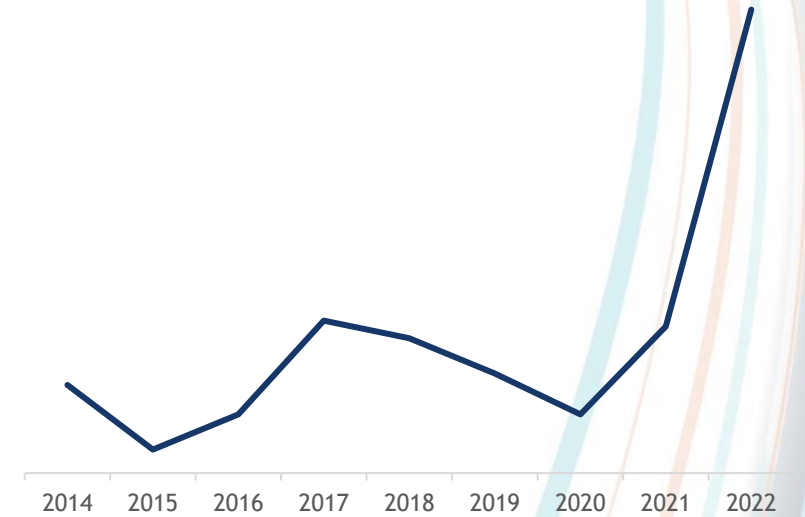
What does each graph depict?



A



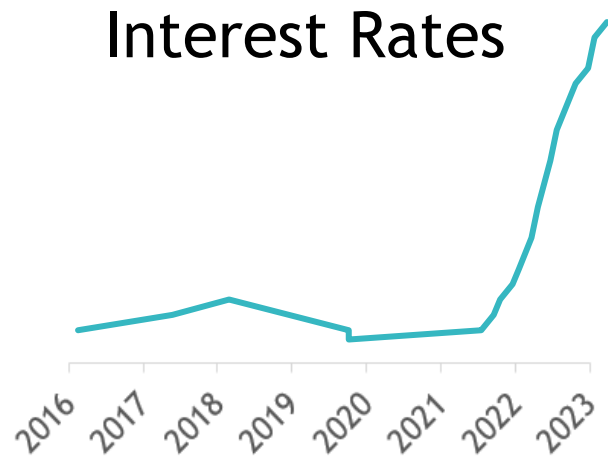
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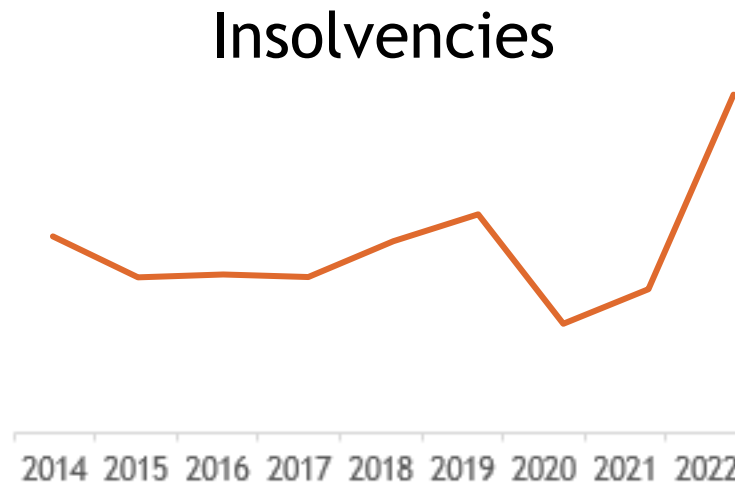
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# A challenging market

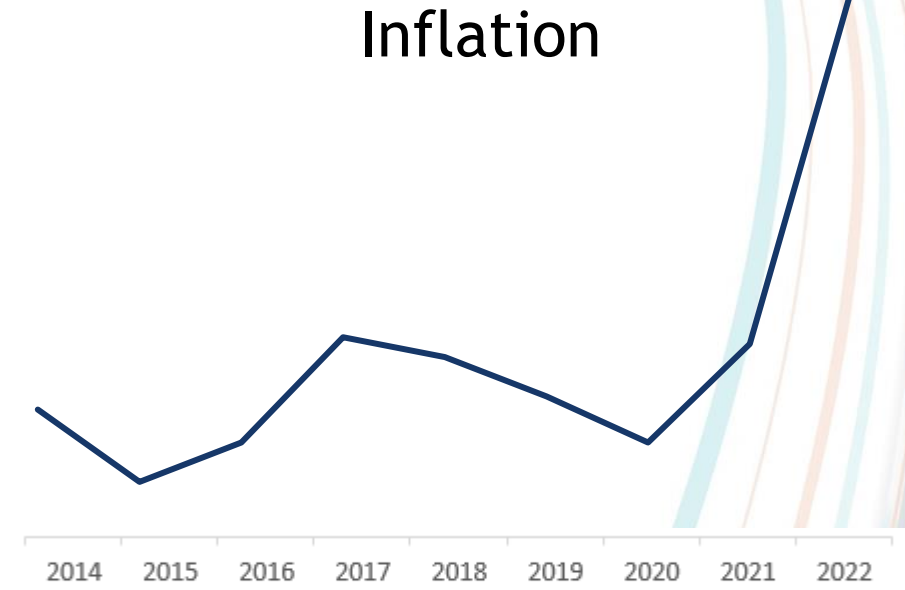
What does each graph depict?



A

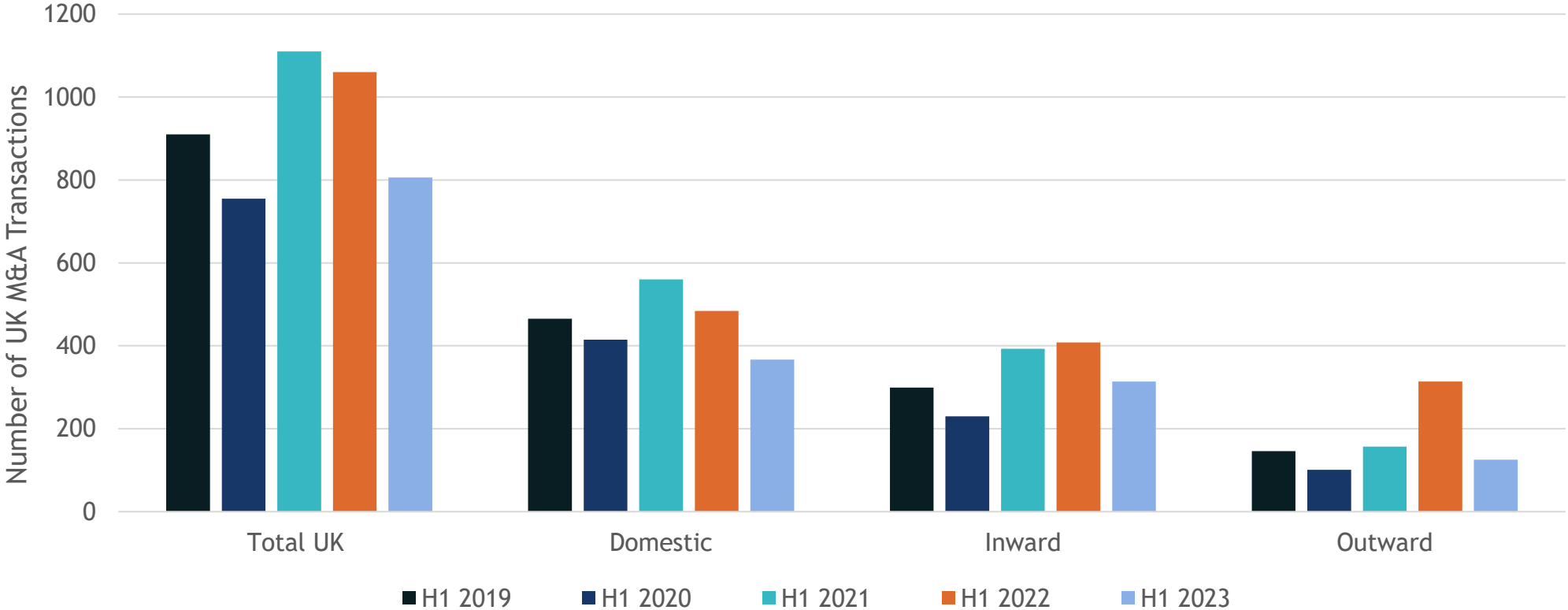


B



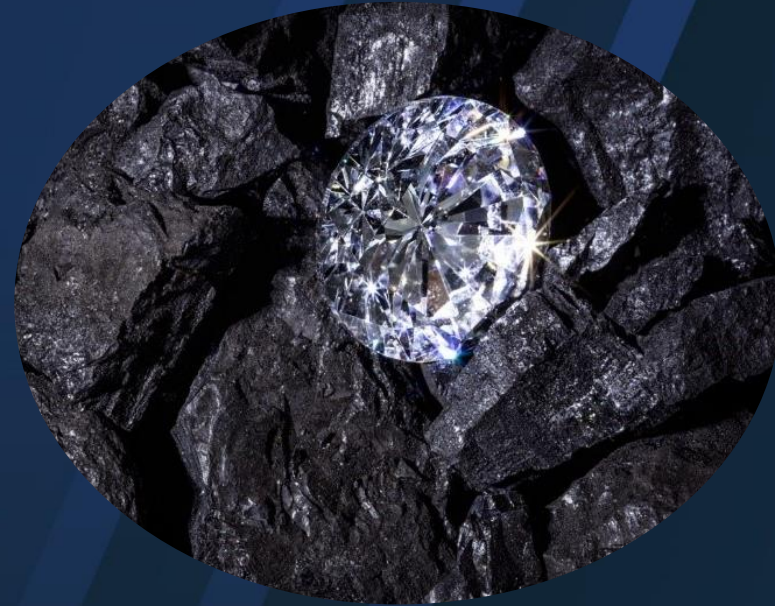
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# How has this affected M&A in the UK?



Source: Office for National Statistics

# IS IT ALL GLOOM AND DOOM?



# svb Silicon Valley Bank

A Division of First Citizens Bank

Arcadia

BURTON  
evans  
DOROTHY PERKINS  
TOPSHOP  
*Miss Selfridge*  
TOPMAN

MADE



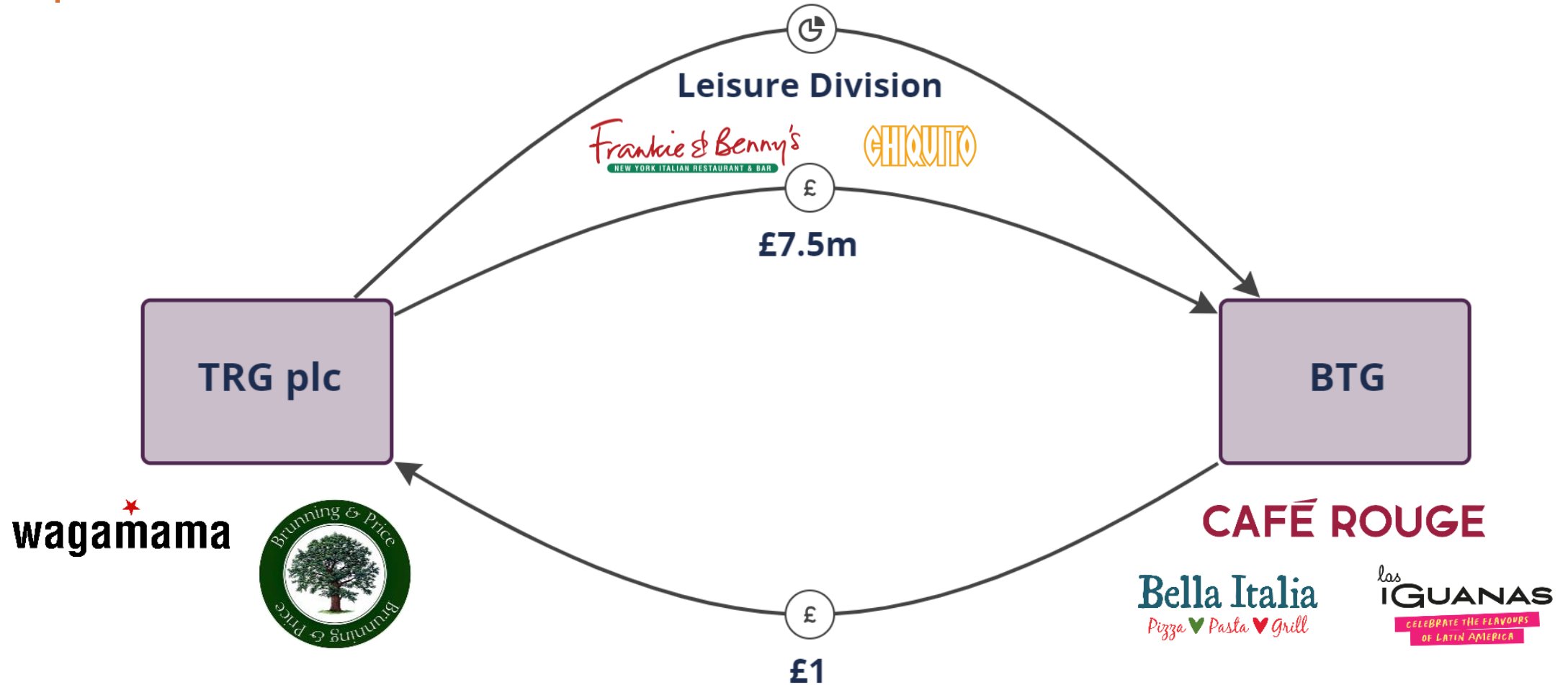
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# CASE STUDY ONE - THE RESTAURANT GROUP



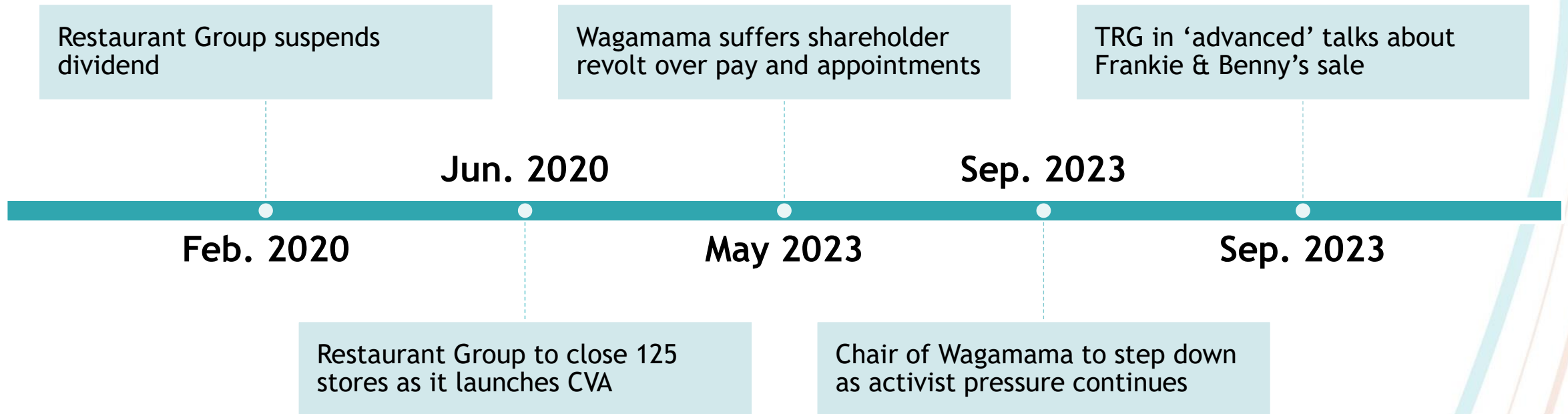
# Case Study: The Restaurant Group

## Disposal of Leisure Division



# Case Study: The Restaurant Group

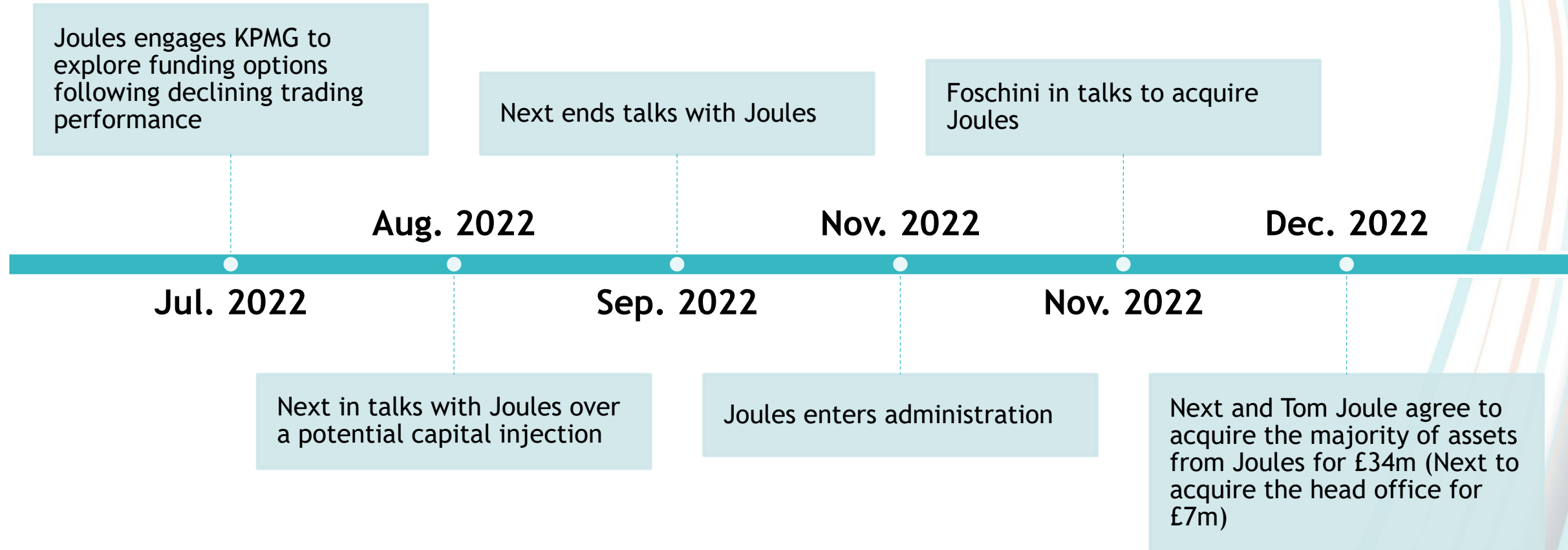
How did we get here?



# CASE STUDY TWO - JOULES GROUP

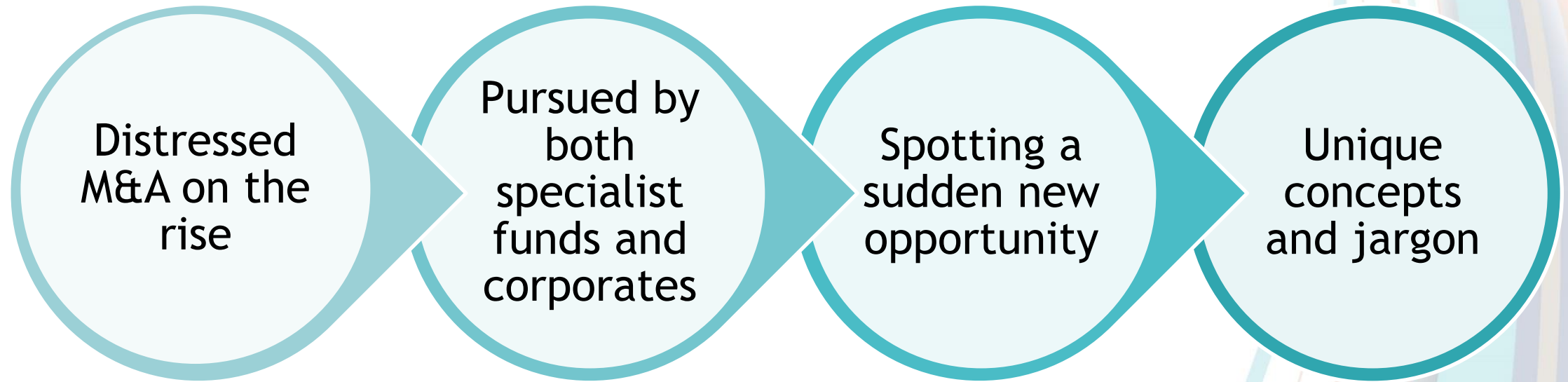
# Case Study: Joules Group

## Timeline



# WHY IS THIS RELEVANT TO ME?

# Why is this relevant to me?



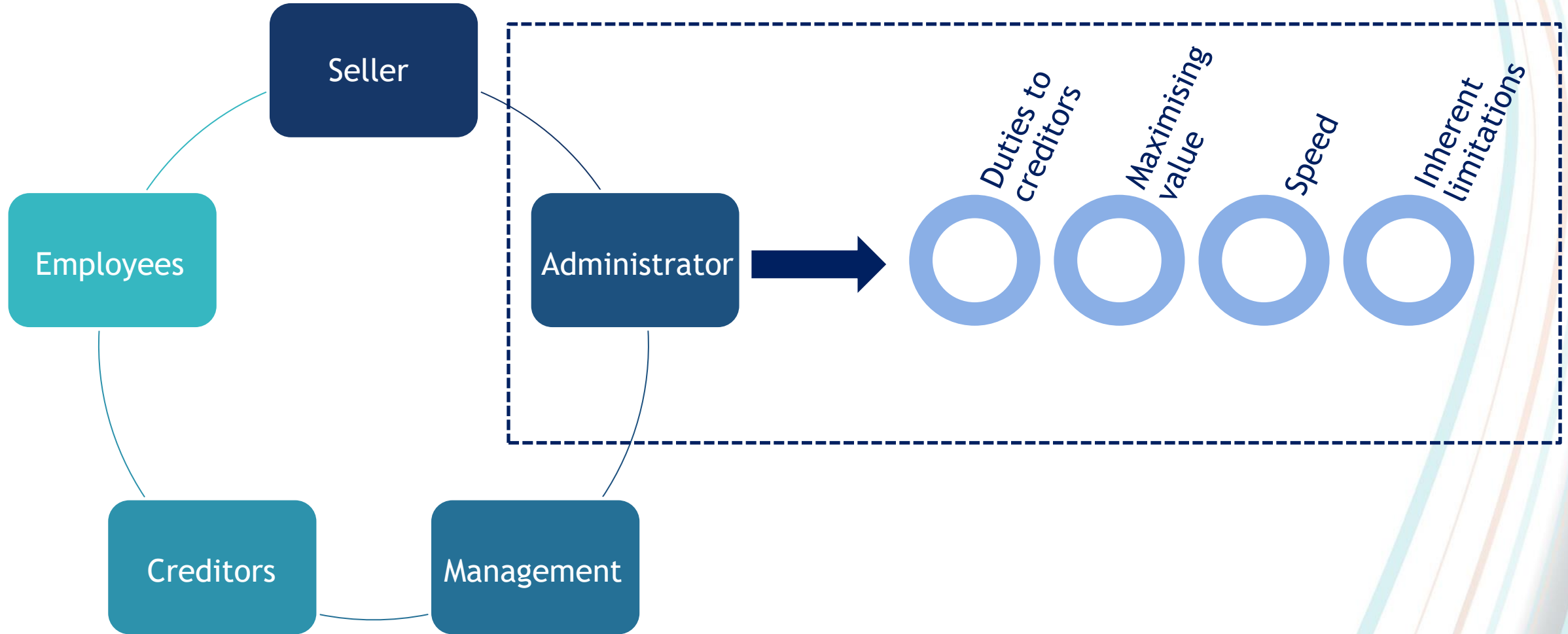
# Objectives of administration

1 Rescuing the company as a **going concern**

2 Achieving a **better result for the company's creditors** as a whole than would be likely if the company were wound up without first going into administration

3 **Realising some or all of the company's property** to make a distribution to one or more secured or preferential creditors

# Managing stakeholder dynamics





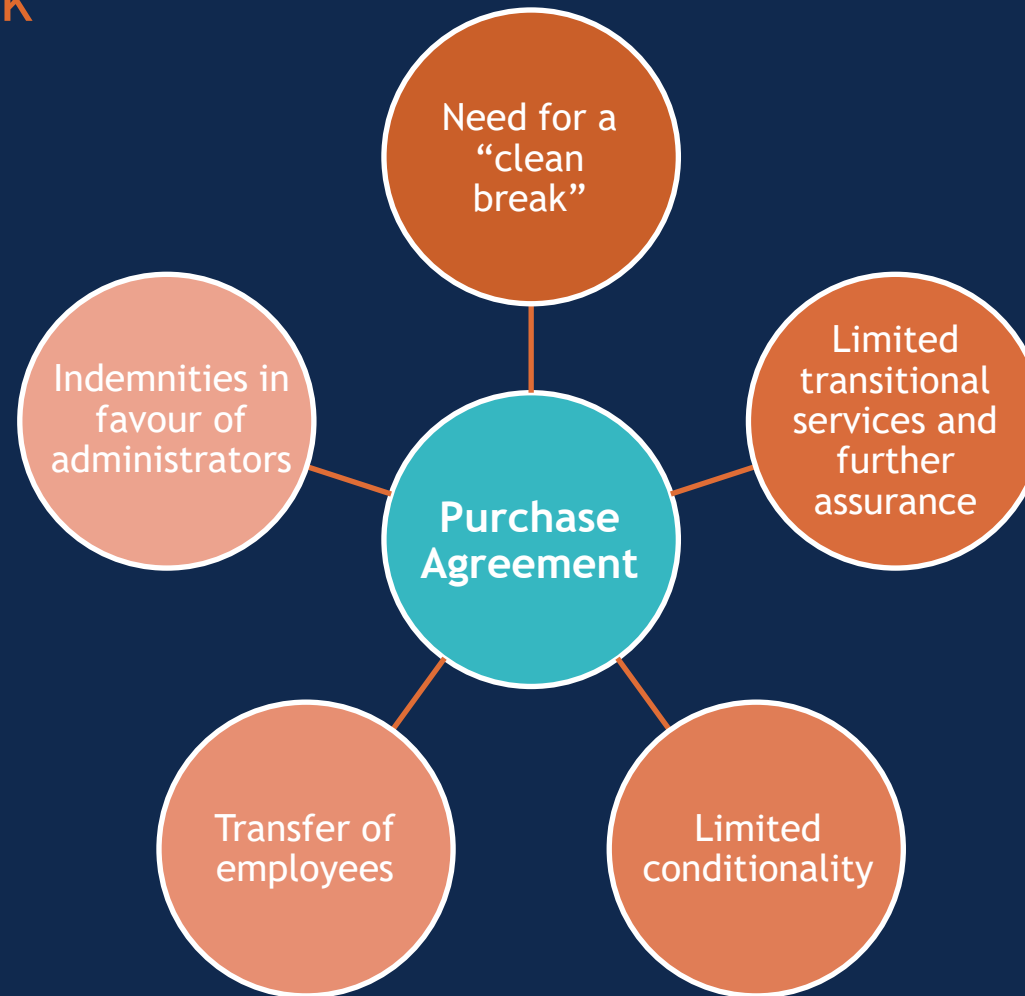
# Trying to due diligence

- **Limiting factors** vs. a solvent sale:
  - Time pressure
  - Attrition of personnel
  - Reluctant management
  - Administrator's familiarity with the business
- Identifying **legal owner** of assets and understanding **security** position is key
- **Valuation** is therefore critical



# Negotiation of transaction documents

Need for a “clean break”



# Key takeaways



Be prepared to act quickly



Be conscious of different stakeholder dynamics



Identify key priorities and key areas of risk



Seek experienced external advisors to advise on process

Thank you for listening. **Any questions?**



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@ Slaughter and May, 2023

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