2025

UK

Private Capital Breakdown

Contents

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Introduction

Venture capital

UK VC activity in early 2025 eased compared with 2024, as a weaker macroeconomic backdrop and increased market volatility weighed on dealmaking. Early-stage valuations largely held steady, while later-stage rounds showed a more selective growth pattern. Series A-B emerged as the most resilient stage, buoyed by strong deal flow in pharma & biotech, whereas Series C-D saw a marked pullback in both deal count and share of total value. Sector trends mirrored broader European patterns, with AI maintaining its lead in total investment despite slowing from 2024's record levels. Life sciences stood out as a rare area of growth, continuing to attract significant funding. Meanwhile, Big Data entered the top 10 sectors for the first time, supported by AI-linked applications. Overall, the market reflects a cautious but targeted deployment of capital, with investors favouring resilience and defensible growth opportunities.

UK VC exit activity in H1 2025 held steady, supported by robust M&A momentum despite market volatility. While overall run rates point to a flat year compared with 2024, buyouts are pacing ahead, and acquisitions remain strong across diverse sectors. Notable transactions—from energy logistics and biotech to consumer goods—underscore the appeal of UK VC-backed firms to established corporates seeking growth. Vertical shifts have seen mobile applications rise alongside SaaS and AI as key exit categories. The growing role of direct secondaries is reshaping liquidity pathways, with the UK leading Europe in deal volume and penetration. This maturing exit landscape reflects a broader strategic shift, as GPs increasingly plan for liquidity earlier in the investment cycle, integrating secondary sales into their toolkit. While geopolitical and macroeconomic uncertainty remains, the combination of strategic acquisitions and emerging secondary markets points to continued, if selective, exit strength in 2025.

UK VC fundraising in H1 slowed sharply, aligning with weaker patterns across Europe and setting the stage for a significant YoY decline. The absence of megafunds that boosted 2024 totals, combined with a shift towards smaller vehicles (most under £50 million), has weighed on overall capital raised. While 20 funds closed in the first half of the year, the bulk of capital is now concentrated among emerging managers, reversing 2024's trend and signalling a broader move toward earlier-stage and specialist strategies. This trend reflects a more cautious LP environment, with investors favouring targeted, theme-driven funds over large generalist pools, contributing to a more fragmented and competitive fundraising market in 2025.

Private equity

UK PE deal activity in H1 2025 remained subdued in value terms, with deal value 5.3% lower than in H1 2024, but deal count rose 19.2%, signalling appetite for smaller transactions. The UK outperformed most of Europe in Q2 thanks to swift trade diplomacy with the US, monetary easing from the Bank of England, and the return of megadeals, such as KKR's £4.8 billion Spectris buyout and Apollo-backed Athora's £5.7 billion acquisition of PIC. Buyouts accounted for a majority of deal value for the first time since 2021, with the £500 million-£1 billion bucket rising to 35.1% of value. US capital has been pivotal, participating in half of the top 20 UK deals, with the US share of UK deal count climbing to 31.3% in 2025—well above European peers. Strategic carveouts and take-privates have also been active themes, with corporates shedding noncore assets and public companies facing delisting pressures.

Exits remain the industry's weakest point, with H1 2025 exit value down 12.1% from H1 2024, itself already over 50% below 2023 levels. While counts are holding, middle-market disposals dominate, with 38.8% in the £100 million-£500 million range. The deals/exits ratio rose to 2.9x, reflecting a growing backlog of over 2,700 PE-backed UK companies. IPOs have been absent, with none in 2025 so far, highlighting the London Stock Exchange's (LSE's) ongoing listing challenges. Alternative liquidity routes such as GP-led secondaries have gained traction, including Inflexion's record £2.3 billion multiasset continuation fund. Lower exit volumes have hit carried interest: £3.3 billion was shared by 2,770 PE executives, down from £3.7 billion shared by 2,860 in 2024. Tax reforms effective April 2025 increased the carried interest rate from 28% to 32%, alongside nondomiciled changes that are prompting some GPs to relocate abroad.

Despite an overall slowdown, UK PE fundraising is being buoyed by a middle-market revival. In H1, funds between £100 million and £5 billion raised more than in each of the prior three years. Follow-on funds from TowerBrook, Oakley Capital, Investindustrial, IK Partners, and ICG all exceeded predecessor sizes, driving a median step-up of 1.3x. LPs are concentrating commitments in established buyout managers, making it harder for first-time and growth equity funds to close. The absence of megafunds could land 2025 totals below 2024's record, but long-term prospects are positive, supported by the Mansion House Accord, which could unlock £50 billion for private markets by 2030.

Macroeconomics

Macroeconomics continues to be at the fore in 2025 with several developments for private capital. As of Q2 2025, the macroeconomic environment in the UK appeared increasingly challenged. After resilient growth in the first quarter, we are likely to see revisions downwards as systemic uncertainty, higher taxes, and a softening labour market are all on the horizon. The Organisation for Economic Co-operation and Development downgraded its growth expectations for the UK to 1.3% in 2025 and 1% in 2026, as of 12 June 2025.[1] The downgrades are in tandem with the lower growth outlooks of other countries globally. Inflation in the UK increased, up to 3.6% from 3.4% in May as monthly rates were stubborn in Q2.[2]

In Q1, the UK's Spring Statement largely maintained the status quo for private markets, while Q2 was dominated by sweeping US-imposed tariffs. The UK moved quickly, becoming one of the first countries to secure a deal with the US—an agreement that helped calm markets. Momentum remains strong and is likely to persist into H2, with the FTSE 100 hitting a fresh record in July, breaking through the 9,000-point barrier. Resilient valuations in public and private equities have also been underpinned by monetary easing from the Bank of England, which has cut interest rates three times in 2025 so far, from 4.75% to 4.00% as of August. Further easing would benefit UK private markets by reducing borrowing costs and enabling sponsors to take on more leverage. Despite this, however, activity is weak for private exits, giving rise to burgeoning asset classes like VC direct secondaries.

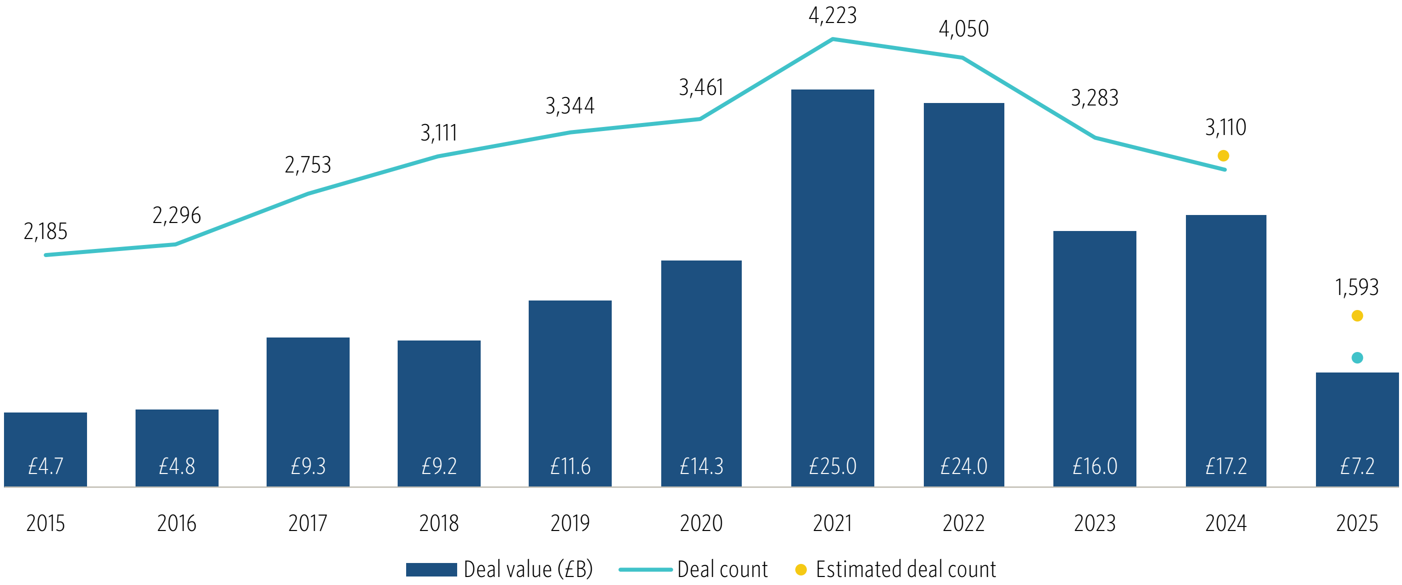
The rise of secondaries also coincides with initiatives like the Private Intermittent Securities and Capital Exchange System (PISCES) in the UK, which may help liquidity in private markets. PISCES is a UK government initiative aimed at creating a regulated secondary market for shares in private companies. Unlike traditional public exchanges, PISCES facilitates periodic trading windows for existing shares, allowing private company shareholders to realise gains without a full public listing. The platform operates under a financial market infrastructure sandbox, overseen by the Financial Conduct Authority, with legislation launched in June 2025. It offers stamp duty exemptions and tailored disclosure requirements, targeting institutional and sophisticated investors. Whilst PISCES aims to enhance liquidity and provide an exit route for early investors, it has faced criticism that it shares similarities with the underperforming Alternative Investment. Private markets remain core to the UK economy. In July, the House of Lords Financial Services Regulation Committee launched an inquiry into the growth of private markets in the UK, signalling deeper political and regulatory focus.

Elsewhere, the UK's leading wealth managers, including RBC Wealth Management, Evelyn Partners, and Quilter Cheviot, are preparing to offer private markets investment products to high-net-worth individuals. Although Long-Term Asset Funds (LTAFs) are emerging as a potential vehicle for broader distribution, operational hurdles, liquidity concerns, and regulatory limitations mean adoption remains significantly lower in the UK than in Europe, where over 150 similar funds exist compared with just 23 in the UK.[3, 4]

1: "OECD Downgrades UK Growth Forecast, Citing Debt and Trade Barriers," Bishops Chartered Accountants, 12 June 2025.
2: For more about growth outlooks in the UK, read our most recent UK Market Snapshot.
3: "Wealth Managers Gear Up To Put UK Savings Into Private Assets," Financial Times, Emma Dunkley and Alexandra Heal, 24 June 2025.
4: For our outlook on evergreen vehicles, read our 2029 Private Market Horizons report.

VC deals

VC deal activity

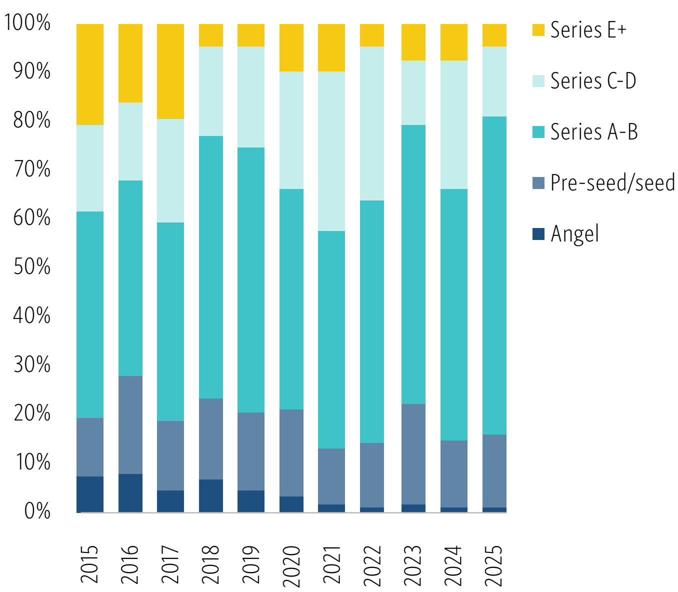


Source: PitchBook • Geography: UK • As of 30 June 2025

UK deal activity in H1 came in at £7.2 billion—a run rate that implies full-year activity would pace 15.5% below 2024. Activity in 2024 was resilient, with activity slightly growing YoY as median valuations ticked higher despite the broader market correction since the heights of 2021-2022. Within the ecosystem, the most meaningful uptick in valuations has been in Series C+ onwards. Median valuations from pre-seed to Series B have stayed broadly flat in the region, with pre-seed/seed sitting at £4.1 million and Series A-B at £25.9 million. Directional trends in median deal sizes are somewhat more mixed, where flat to no growth in earlier stages was offset by growth in Series C-D medians to £45 million, albeit over far fewer deals than in full-year 2024. Tepid growth in median valuations in European venture has led to a subdued half of activity in 2025. The run rate for the rest of the year is therefore looking less robust as a weaker broader macroeconomic backdrop and more volatility within the last year could weigh on dealmaking and growth rates in activity.

Regarding dealmaking activity this year, Series A-B is showing the most resilience, having also gained share of deal value to 65.5% of the national total, compared with 51.2% in 2024. The largest Series A-B deals in H1 2025 comprised all pharma & biotech names, which explains the vertical's resilience through H1. Series C-D, on the other hand, lost the most share, sitting at 14.3% of deal value

Share of VC deal value by grouped series



Source: PitchBook • Geography: UK • As of 30 June 2025

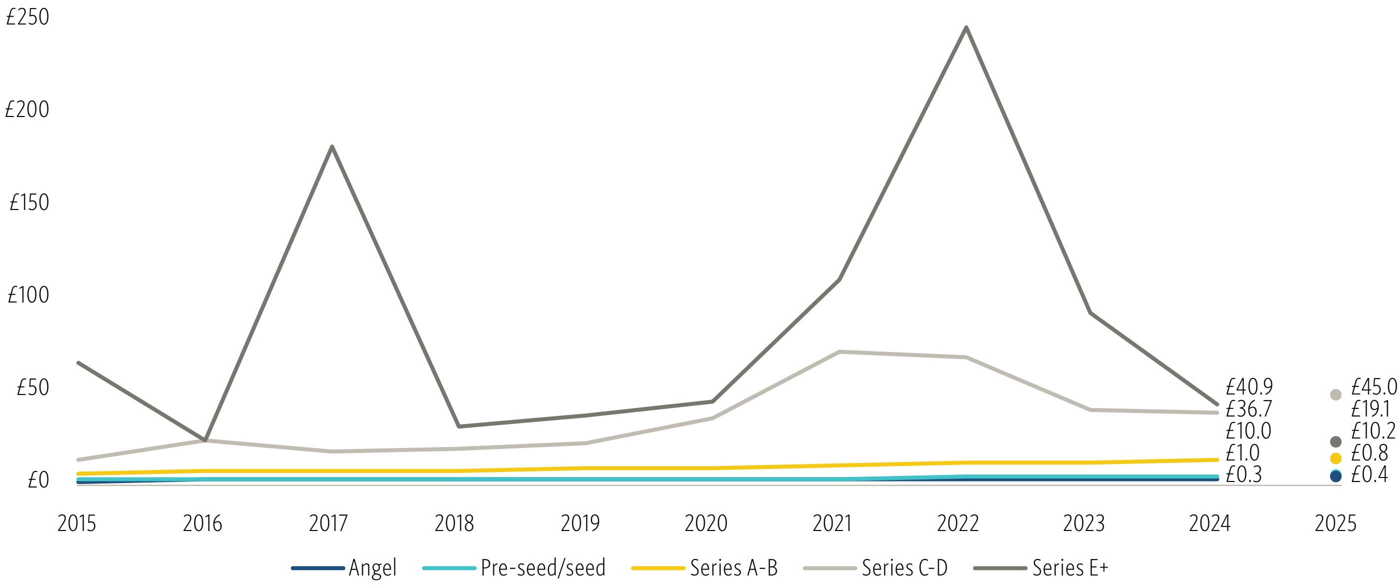
Top VC deals by deal value in Q2 2025

Company	Close date	Deal value (£M)	Deal type	Vertical(s)
Believ	6 June	£300.0	Late-stage VC	Cleantech, climate tech, mobility tech
CMR Surgical	2 April	£154.8	Venture growth	Healthtech, robotics & drones, SaaS
Draig Therapeutics	23 June	£103.6	Early-stage VC	Life sciences
CellCentric	19 May	£90.3	Venture growth	Life sciences, oncology
MUBI	9 May	£75.9	Venture growth	SaaS
Marshmallow	14 April	£69.5	Venture growth	Fintech, insurtech, mobile
Paladin Mining	22 April	£61.6	Late-stage VC	Cryptocurrency/blockchain
Orca AI	6 May	£55.1	Late-stage VC	AI & ML, mobility tech, SaaS, supply chain tech
incident.io	10 April	£48.0	Late-stage VC	AI & ML, SaaS

Source: PitchBook • Geography: UK • As of 30 June 2025

Note: Since original publication, we have removed an erroneous £400 million round for Clerkenwell Health. Please reach out if you require updated charts.

Median VC deal value (£M) by grouped series



Source: PitchBook • Geography: UK • As of 30 June 2025

in H1 2025, compared with 26.4% in 2024. In Series C-D, fewer deals occurred, with some at lower valuations in the top quartile of sizes seen in earlier series, such as A or B. For instance, only one £100 million-plus deal has occurred within Series C-D rounds so far this year, Synthesia's £144.4 million round.

Big Data makes top 10 verticals

Looking at UK deal value by vertical, trends have mirrored broader Europe, where AI now sits at the top of invested capital, followed by broader SaaS and then fintech. Further down the order, Big Data made its way into the top 10 from 12th place in 2024. This was supported by several deals in the AI space, such as Quantexa, which raised £139.8 million in March; Luminance's £60.7 million round; and AI cleantech startup Treefera's £23.2 million round. Several AI applications overlap with various other verticals, as well as Big Data. Y TREE, a wealth management services provider, was the only pure Big Data company in H1 to raise funding, with a round of £23 million in January.

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VC deal value rank by vertical (sorted by 2025 deal value)

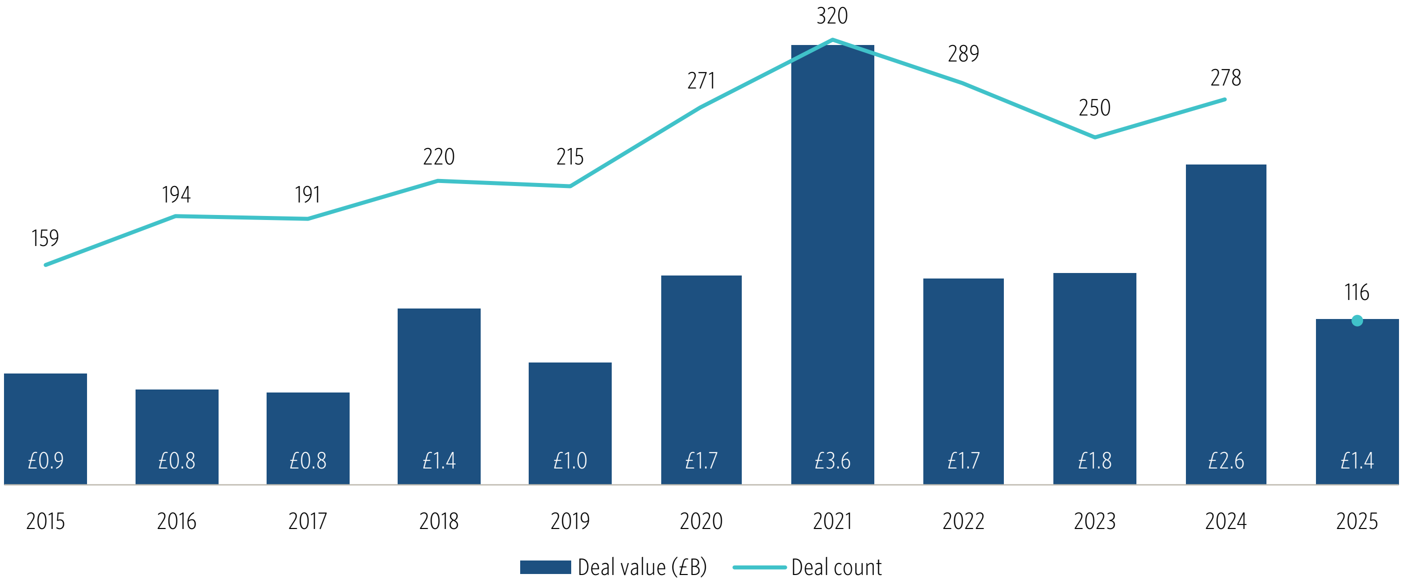
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
AI & ML	8	6	5	4	5	4	4	4	3	2	1
SaaS	3	2	2	1	1	1	1	2	1	1	2
Fintech	4	5	3	3	2	2	2	1	2	3	3
Life sciences	2	4	7	6	7	6	6	11	6	5	4
Mobile	5	3	4	5	3	3	3	3	4	4	5
Healthtech	11	11	10	8	6	7	7	9	10	7	6
Cleantech	9	15	16	9	11	12	13	8	5	6	7
Climate tech	14	14	17	11	13	13	14	7	7	9	8
Mobility tech	15	9	18	17	17	10	18	16	18	10	9
Big Data	10	13	11	10	8	11	8	10	11	12	10
TMT	1	1	1	2	4	5	5	5	8	13	11
Manufacturing	12	8	12	14	10	8	16	12	14	11	12
Cryptocurrency/blockchain	20	19	20	15	20	17	12	14	13	15	13
Digital health	19	17	19	18	12	14	17	17	16	17	14
E-commerce	7	10	6	12	9	9	11	6	12	16	15
Oncology	6	7	13	13	16	19	15	20	15	8	16
LOHAS & wellness	16	16	8	16	15	16	9	13	9	14	17
Mobile commerce	18	20	14	19	14	18	20	15	19	18	18
Real estate tech	17	18	15	7	18	20	10	18	17	19	19
Foodtech	13	12	9	20	19	15	19	19	20	20	20

Source: PitchBook • Geography: UK • As of 30 June 2025

UK AI deal value pacing below 2024 despite relative strength

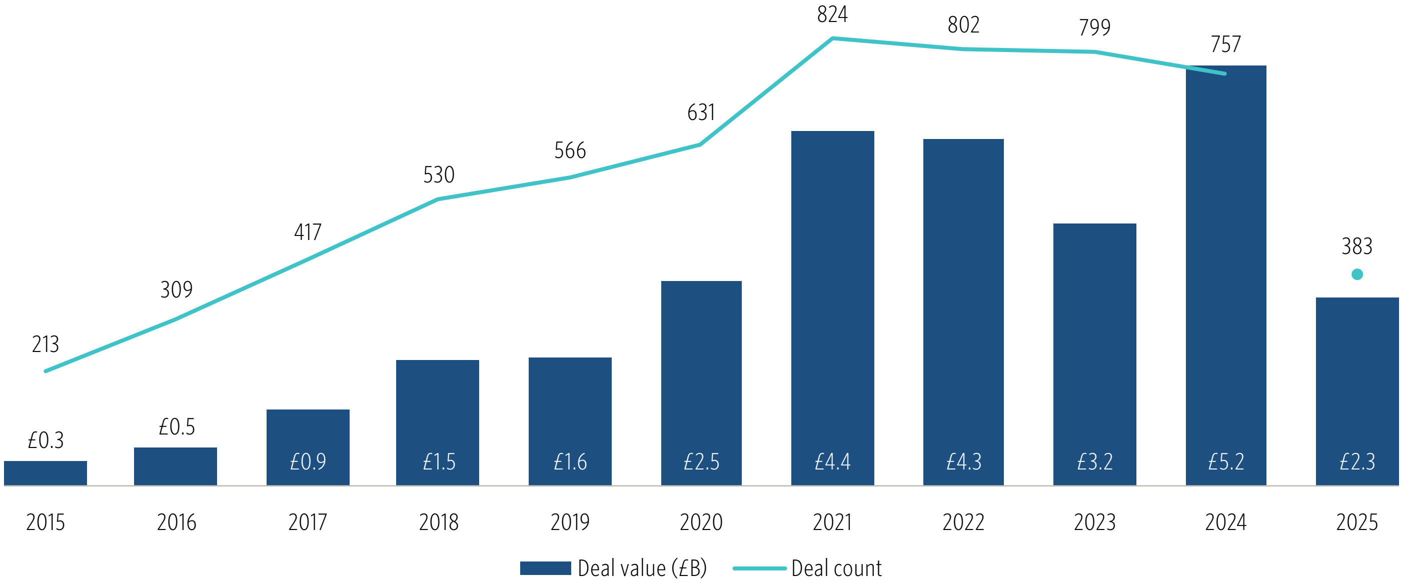
Despite its lead in absolute deal value versus other verticals, deal activity within AI is on track to decline YoY. In H1 2025, £2.3 billion of investment fell into UK-domiciled startups, a run rate that implies AI deal value will decline 10.8% YoY if maintained for the rest of the year. This is partly due to the standout year that UK AI investment had in 2024, with a record £5.2 billion raised, supported by £100 million-plus rounds from the likes of Isomorphic Labs, Synthesia, and Cera. Regarding other key verticals in the UK, life sciences is the only sector whose deal value is pacing ahead of 2024. Investment in the industry had a strong 2024 and, unlike AI, is also faring better in 2025, with £1.4 billion of financing raised in H1, a run rate that implies deal value would increase 3.5% YoY if maintained for the rest of the year. Outside of the Isomorphic Labs round, the top closes within the space so far in 2025 have included biotech firm aimed at alleviating obesity and cardiometabolic disorders Verdiva Bio at £327.2 million and Draig Therapeutics, which raised £103.6 million for its work in neuropathy therapy.

Life sciences VC deal activity



Source: PitchBook • Geography: UK • As of 30 June 2025

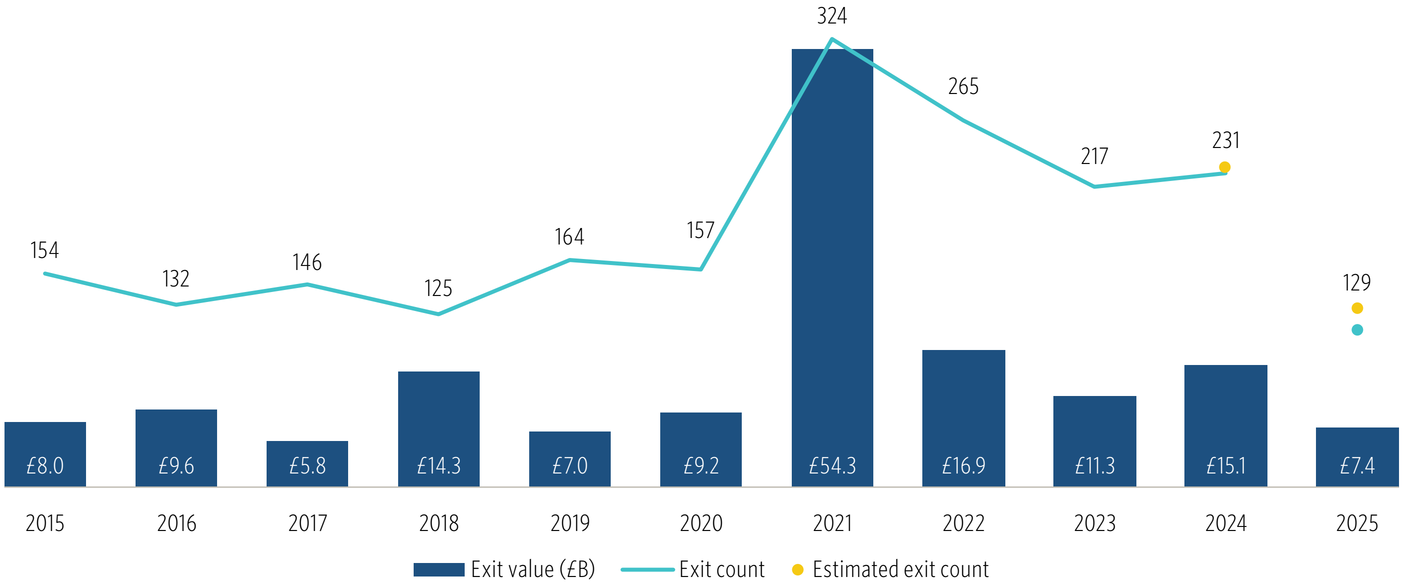
AI VC deal activity



Source: PitchBook • Geography: UK • As of 30 June 2025

VC exits

VC exit activity



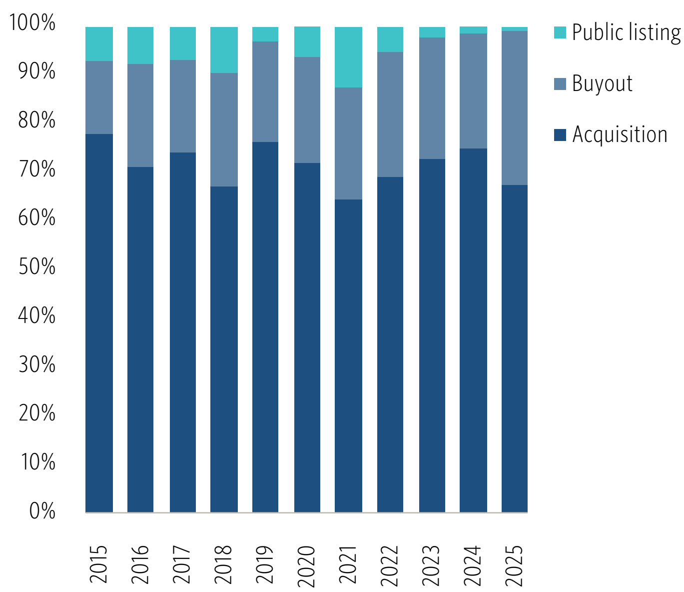
Source: PitchBook • Geography: UK • As of 30 June 2025

UK exits showing strength driven by M&A

In H1 2025, UK exit value came in at £7.4 billion—a run rate that keeps pace with the strong levels of activity in 2024. The exit value of £15.1 billion sat at a high (excluding 2021-2022 peaks) close to 2022 peaks. Despite this, growth in exit activity is likely, given the run rate of activity in H1 implies a flattish performance and includes a downturn in activity during Q2 to £3.1 billion due to volatility in financial markets. Therefore, there could be upside to activity in the coming quarters, where market volatility has somewhat abated, but we do not seem to be out of the woods yet regarding geopolitical certainty, and the macroeconomic outlook looks mixed. We should also caveat that part of the exit value in H1 has been extrapolated due to lower data availability when it comes to exit sizes. However, exit volume, which does not include extrapolated counts, is also resilient, pacing in line with 2024.

In the first half of the year, buyouts were the preferred exit strategy. Activity is pacing above 2024 levels, at 31.1% of exit value, with acquisition value pacing broadly in line with 2024. The largest exits within UK VC this year so far—all acquisitions—have spanned a spectrum of verticals. This

Share of VC exit count by type



Source: PitchBook • Geography: UK • As of 30 June 2025

VC exit count rank by vertical (sorted by 2025 exit count)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SaaS	2	2	2	2	2	2	2	2	1	1	1
AI & ML	16	7	9	9	5	5	5	3	4	2	2
Mobile	4	3	4	3	3	4	3	5	5	5	3
Fintech	10	8	7	4	9	3	4	4	3	4	4
TMT	1	1	1	1	1	1	1	1	2	3	5
Big Data	17	10	10	10	11	6	7	6	6	6	6
Healthtech	9	13	14	11	16	11	12	12	9	8	7
Cleantech	7	9	13	14	6	12	14	18	11	11	8
Manufacturing	3	4	3	15	8	13	9	10	12	9	9
Digital health	18	18	17	19	18	18	19	11	19	15	10
Marketing tech	11	17	11	8	10	14	13	8	8	12	11
Edtech	14	14	16	16	14	10	16	9	15	16	12
Life sciences	5	6	5	5	15	7	6	7	10	10	13
E-commerce	8	11	6	7	7	8	8	13	7	7	14
Mobility tech	12	15	18	12	12	19	10	15	16	20	15
Industrials	6	5	8	6	4	9	11	14	18	14	16
Cybersecurity	15	16	15	17	19	16	18	19	14	13	17
Climate tech	19	20	19	18	13	17	17	16	13	17	18
Mobile	20	19	20	20	20	20	20	20	20	18	19
Oncology	13	12	12	13	17	15	15	17	17	19	20

Source: PitchBook • Geography: UK • As of 30 June 2025

included the acquisition of oil & gas shipping services platform Navig8 for £923.2 million by ADNOC Logistics and Services, drug discovery platform Beckley Psytech acquired for £345.9 million by public player atai Life Sciences, and listed entity Unilever adding to its consumer goods portfolio through the acquisition of biobased deodorant maker Wild for £274.2 million. These largest transactions in Europe so far this year show that UK VC-backed startups provide growth opportunities to more mature, publicly listed companies. The companies themselves have been able to leave the VC funnel at significantly higher levels than the market median acquisition size for venture-backed companies, which sat at €40.1 million in H1 2025.[5]

There has been some movement in the verticals that have been able to transact the most exits. Outside of SaaS and AI, mobile applications sat in third place, with 19 exits in the UK so far in 2025. Fintech and TMT followed closely behind, with 16 and 14 exits, respectively. Within mobile, the most recent exits have involved the acquisition of fintech company Pillar, the buyout of advertising technology startup Dice, and the acquisition of education technology player MyTutor. For other key sectors such as AI, 14 acquisitions/buyouts took place in Q2, the most recent being Papercup, Acin, and Convergence.

5: Please read our Q2 2025 European VC Valuations Report to learn more.

Top institutional VC direct secondary deals since 2020

Company	Close date	Deal value ($M)	Investor(s)	Industry sector
Revolut	16 August 2024	$500.0	Balderton Capital, Coatue Management, D1 Capital Partners, Giano Capital, Lakestar, Mubadala Investment Company, Tiger Global Management	IT
Dext	22 April 2021	$372.5	Hg	IT
Gousto	24 February 2022	$330.0	Fidelity International, Grosvenor Food & AgTech, Railpen, SoftBank Investment Advisers	B2C
Wise	28 July 2020	$319.0	Baillie Gifford, Cercano Management, D1 Capital Partners, Fidelity, Lone Pine Capital, Phoenix Court, SciFi VC, Verdure Capital Management	IT
OakNorth Bank	10 October 2020	$205.0	Abrams Capital, Toscafund Asset Management	Financial services
Enterprise Therapeutics	6 October 2020	$97.9	Roche	Healthcare
Marmalade Game Studio	28 September 2021	$31.0	LDC	IT
OakNorth Bank	19 November 2020	$30.0	Sumitomo Mitsui Banking	Financial services
Zestia	17 July 2020	$29.2	Hermes GPE, Newlands Capital	IT
Lilley Plummer Risks	29 October 2024	$28.4	N/A	Financial services

Source: PitchBook • Geography: UK • As of 12 June 2025

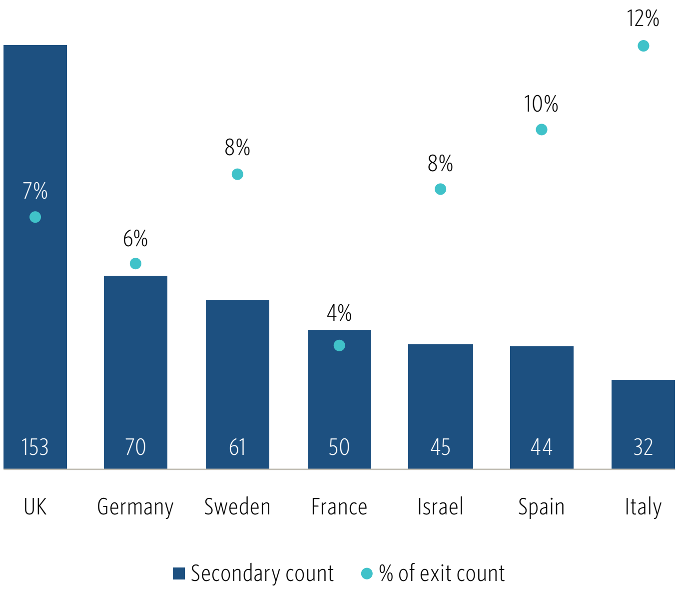
UK leads secondaries deal count in Europe

Whilst YoY growth in exit value in the UK appears unlikely given the run rates so far this year, there could be upside to the liquidity generated from secondary activity. In our recent note, Sizing the Institutional VC Direct Secondaries Market, we looked at how the direct secondaries market is developing per country within Europe. Looking at transaction volume over the past 10 years, the UK leads with 153 deals, followed by Germany at 70 deals. This is unsurprising, as both countries house the largest venture ecosystems in Europe. The UK's lead is more than double Germany's total, and its penetration of exit activity is also higher, at 7.1%, which is double the proportion in France.

The top deals in the UK over the past five years have included more well-known transactions from the likes of Revolut, Gousto, and Wise, as well as a deal for bookkeeping automation software Dext, which transacted $372.5 million (£270 million) in secondaries as two investors sold their stakes to PE firm Hg. Transactions became notably smaller outside of the top six deals, dropping between $20 million and $40 million. These included deals for Marmalade Game Studio, marine insurance broker Lilley Plummer Risks, and fresh pet food subscription service Butternut Box.

Therefore, despite the nuances in the legacy VC European landscape, the development of a direct secondaries market is not a given. Markets such as the UK have a higher penetration than other core regions such as Germany and France. Direct VC secondaries are becoming more viable

Secondary count as a share of all Europe VC exit count by country (2015-2025)



Source: PitchBook • Geography: UK • As of 12 June 2025

exit strategies, and GPs are looking to build liquidity earlier. They are strategically planning on how to generate DPI at the start of the investment cycle rather than at the end, which is another part of the PE playbook that is bleeding through to VC as the market matures. It will take time for more buyers in the space to facilitate growth in the asset class; however, the liquidity generated will be meaningful. For Europe, we estimate the direct market could be valued at $47.5 billion in our bear-case scenario.

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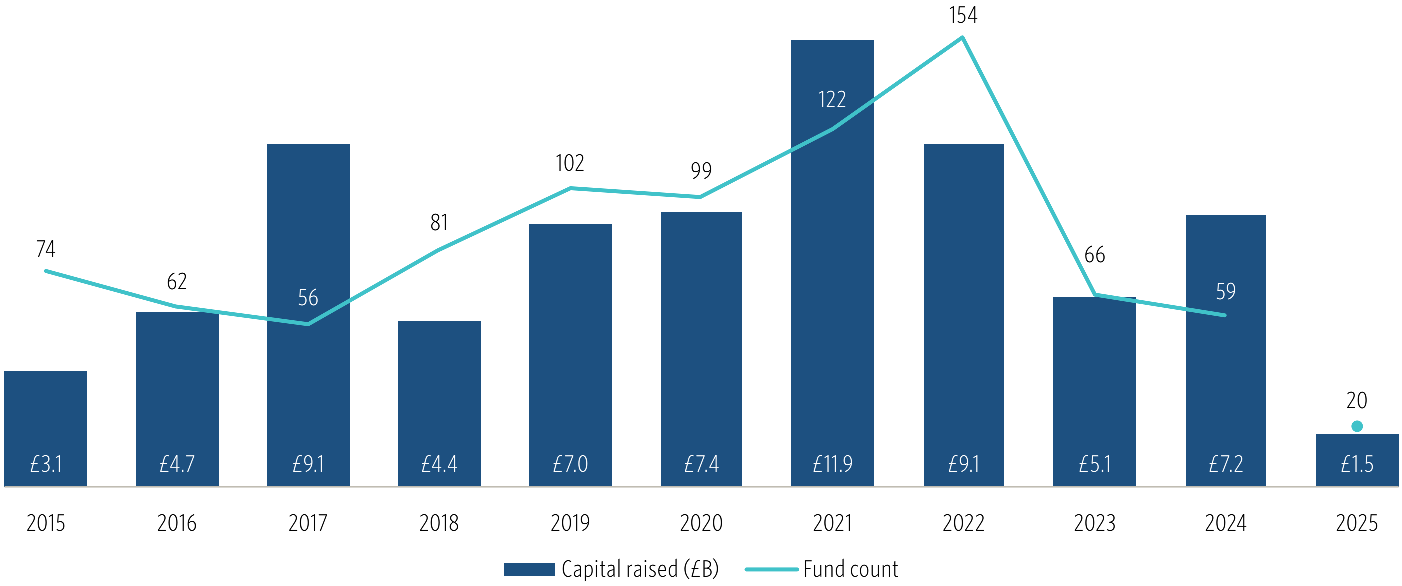
VC fundraising

VC fundraising activity

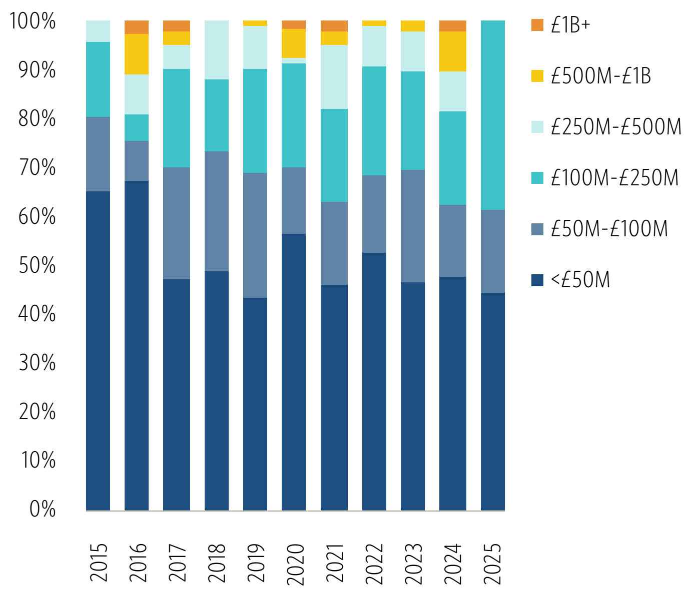


Source: PitchBook • Geography: UK • As of 30 June 2025

In 2025 so far, fundraising in the UK is pacing well below 2024 levels, which is in line with the weaker trends in broader Europe. In H1, capital raised reached £1.5 billion, a run rate that implies fundraising will decline 59.6% YoY if maintained for the rest of the year. One-third of capital raised has come from first-time funds, and the absence of the megafunds (£1 billion-plus vehicles) that closed in 2024 is driving the weaker activity so far this year. The top closes so far this year from UK-domiciled managers have included Adams Street European Venture Fund 2023, which raised £230.7 million and was the fourth-largest close in H1 within all of Europe. This was followed by QuantumLight Capital Fund and 2150 Urban Tech Sustainability Fund II, which raised £188 million and £166.8 million, respectively.

In H1, 20 vehicles closed, with most funds under £50 million, which explains the lower value of capital in Q2. This compares with 2024, when over 15% of closes were larger than £250 million. So far this year, there have been no closes that large. Despite the shift towards smaller vehicles, the split between emerging and experienced managers remains the same as in 2024, with 70% of closes from emerging firms. For capital raised, however, trends in H1 2025 were the inverse of in 2024—69.6% of capital was in emerging firms, compared with just 25.6% in 2024.

Share of VC fund count by size bucket



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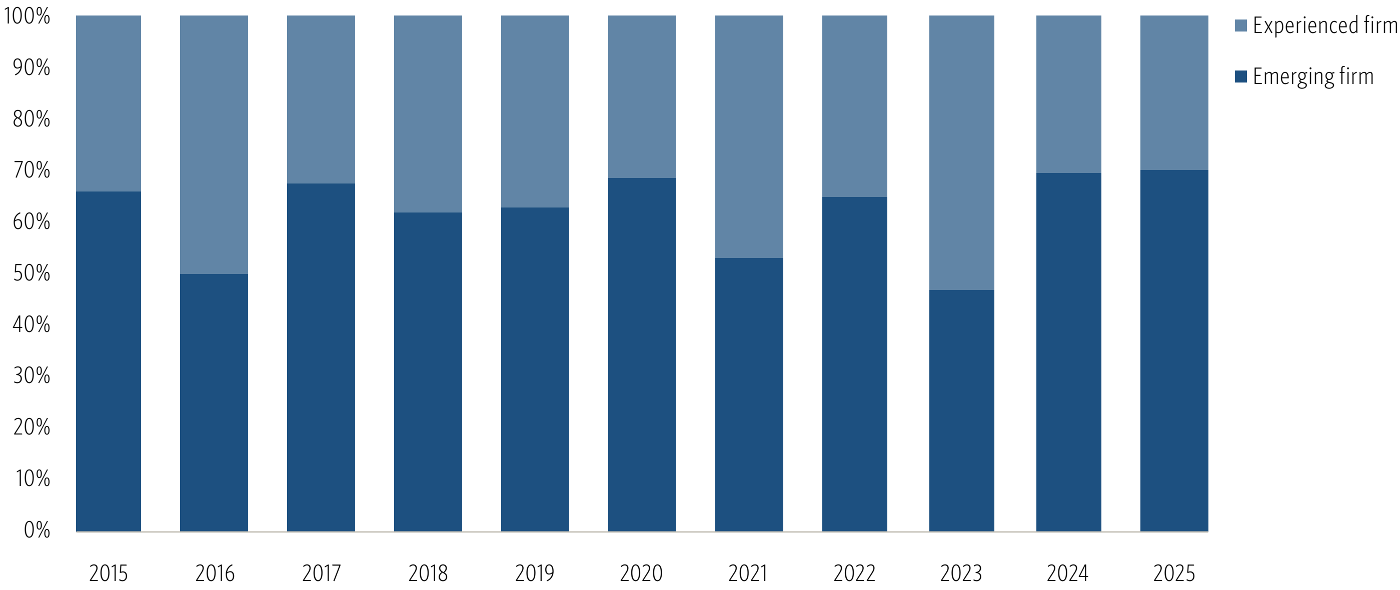
Share of VC fund count by manager experience



Source: PitchBook • Geography: UK • As of 30 June 2025

Note: "Emerging" is defined as firms that have launched fewer than four funds. "Experienced" is defined as firms that have opened four or more funds.

Top closed funds by capital raised in 2025

Fund	Close date (2025)	Fund size (£M)	Fund type	City
Adams Street European Venture 2023	12 May	£230.7	Early-stage VC	London
QuantumLight Capital	20 May	£188.0	VC	London
2150 Urban Tech Sustainability II	20 March	£166.8	VC	London
IAGi Ventures	10 March	£166.2	Early-stage VC	London
A/O Proptech II	7 January	£151.0	VC	London
4BIO Ventures III	22 March	£121.0	Early-stage VC	London
Cambridge Innovation Capital Growth	24 February	£100.0	Late-stage VC	Cambridge
Arcadia Gaming Advisors	3 March	£79.8	VC	London
Volution Venture II	28 April	£76.6	Late-stage VC	London
Osney Capital Cybersecurity Seed	7 April	£50.0	Early-stage VC	London

Source: PitchBook • Geography: UK • As of 30 June 2025

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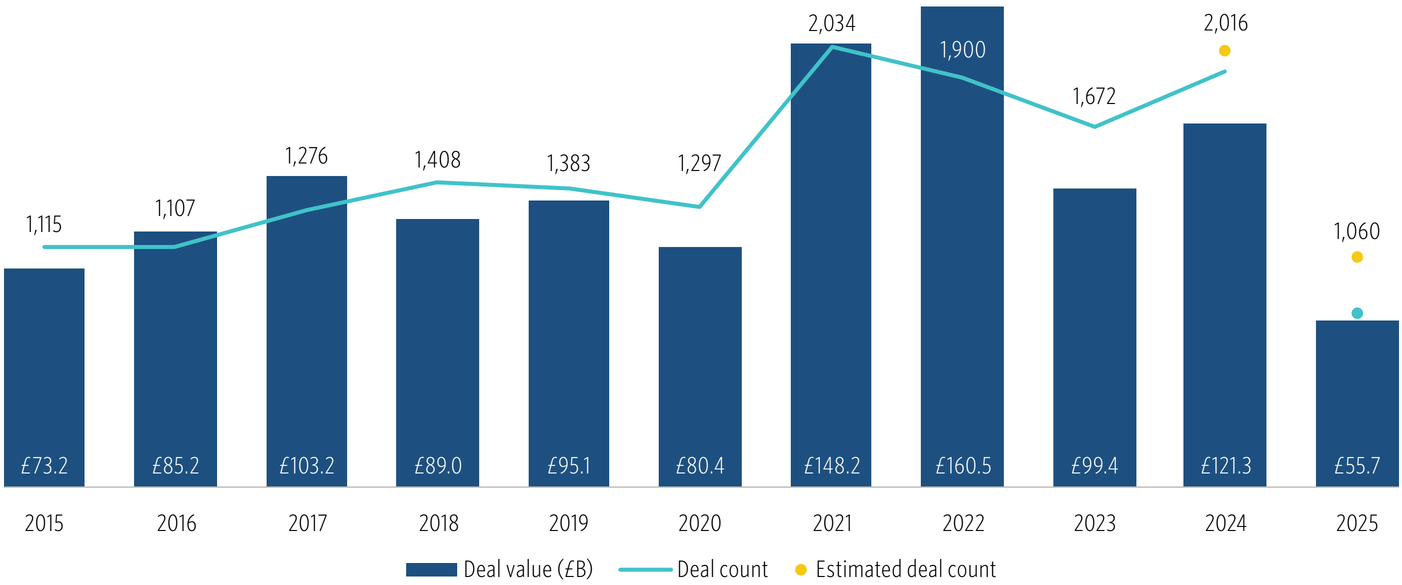
PE deals

PE deal activity

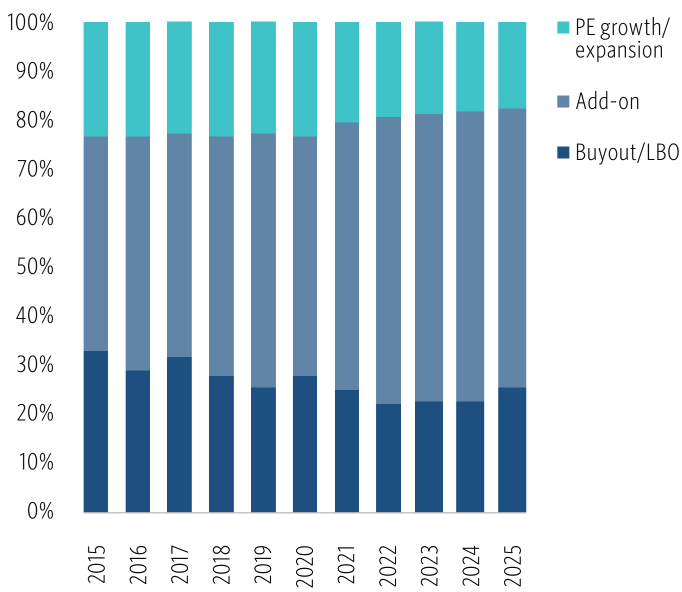


Source: PitchBook • Geography: UK • As of 30 June 2025

Optimism builds in UK dealmaking

UK deal activity in H1 2025 was sluggish, broadly mirroring trends across the rest of Europe. Deal value was 5.3% lower than in H1 2024, but deal count rose 19.2%, indicating sustained appetite for transactions, albeit at smaller ticket sizes. In Q2, the UK recorded a sharp sequential rebound in deal activity, contrasting with a quarter-on-quarter slowdown in most of Europe. Several large deals were announced in late Q2 and into Q3, including KKR's £4.8 billion takeover of Spectris and Apollo-backed Athora's £5.7 billion acquisition of PIC. Such megadeals are important for market sentiment, as their comeback often signals a more bullish outlook. Supporting this optimism, Apollo CEO Marc Rowan described the UK as "one of the most dynamic and exciting markets" during the firm's Q2 earnings call. He praised the government for recognising "the need for private capital to exist alongside public capital" and stated Apollo's intention to "make a significant contribution" to the UK. Renewed dealmaking sentiment has also been underpinned by monetary easing from the Bank of England.[6] Further easing would benefit UK private markets by reducing borrowing costs and enabling sponsors to take on more leverage.

Share of PE deal count by type



Source: PitchBook • Geography: UK • As of 30 June 2025

6: "Apollo Q2 2025 Earnings Call," PitchBook, August 5, 2025.

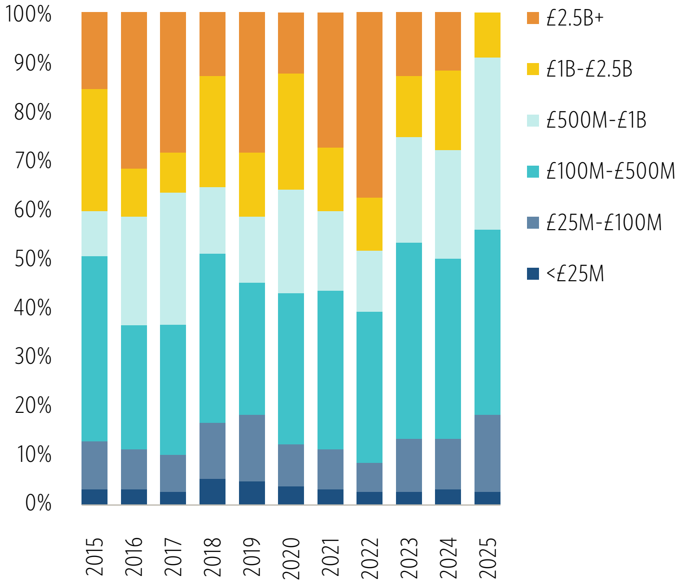
Resurgence in middle-market buyouts

In H1, the share of buyout deals increased, rising from 22.6% of deal count in 2024 to 25.7% in 2025. Deal value had a similar increase, with buyouts accounting for a majority of deal value in 2025 for the first time since 2021. Buyouts remain the bread and butter of the PE industry, driven by a combination of greater availability of debt financing, sellers' willingness to transact at more realistic valuations, and sponsors' continued focus on platform acquisitions. The rebound in megadeals has also played a role, lifting aggregate deal values and signalling that confidence is returning to the upper end of the market. While middle-market transactions still dominate in volume terms, the renewed appetite for larger buyouts suggests that PE firms are positioning for scale and long-term growth. In fact, the share of middle-market deal value has risen in 2025 so far, with the £500 million to £1 billion size bucket increasing from 22.3% of total deal value in 2024 to 35.1% in 2025.

US capital fuels UK dealmaking surge

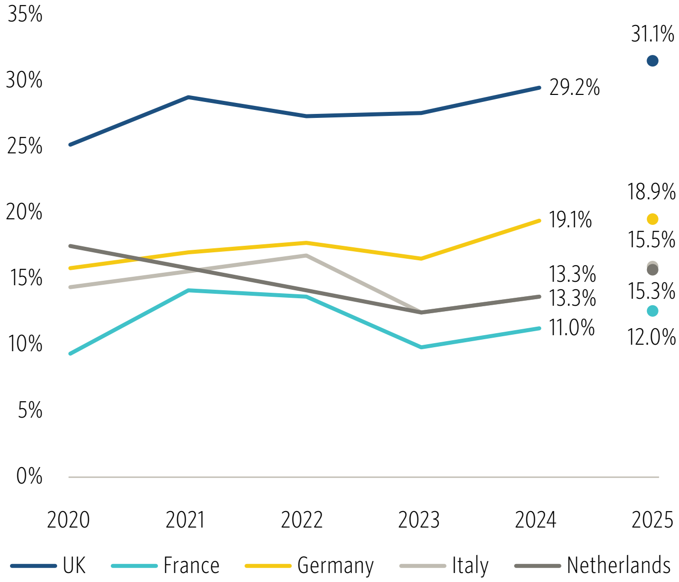
Following on from Apollo's CEO's earlier remarks, a significant portion of the bullish dealmaking sentiment in the UK can be traced to US investors. In H1, US investors participated in half of the top 20 deals by value. With the largest pool of private capital globally, US sponsors have increasingly looked beyond their domestic market, where competition for assets is intense, to deploy capital in markets offering both scale and relative value. The UK has emerged as a particularly attractive destination thanks to its openness to private markets, robust legal framework, and concentration of talent, with many leading PE firms headquartered in London. As Europe's largest PE market, the UK accounts for roughly one in every five deals across the continent, making it a natural entry point for US capital. US investor participation in UK deal activity has climbed steadily, from 20.5% of total deal count in 2017 to 31.3% in 2025 so far—the highest share of any European country. By contrast, most other European markets see US participation rates in the mid to high teens. This influx of US capital boosts headline deal values, supports more competitive bidding processes, accelerates deal timelines, and, in some cases, raises valuations for premium assets. For example, the recent bidding war between US PE firms KKR and Advent International saw UK-based Spectris taken private for £4.8 billion, up from the initially agreed-upon £4.4 billion. The trend underscores the strategic role of the UK as a gateway for transatlantic deal flows, particularly in an environment where megadeals are making a comeback and monetary policy is becoming more supportive.

Share of PE deal value by size bucket



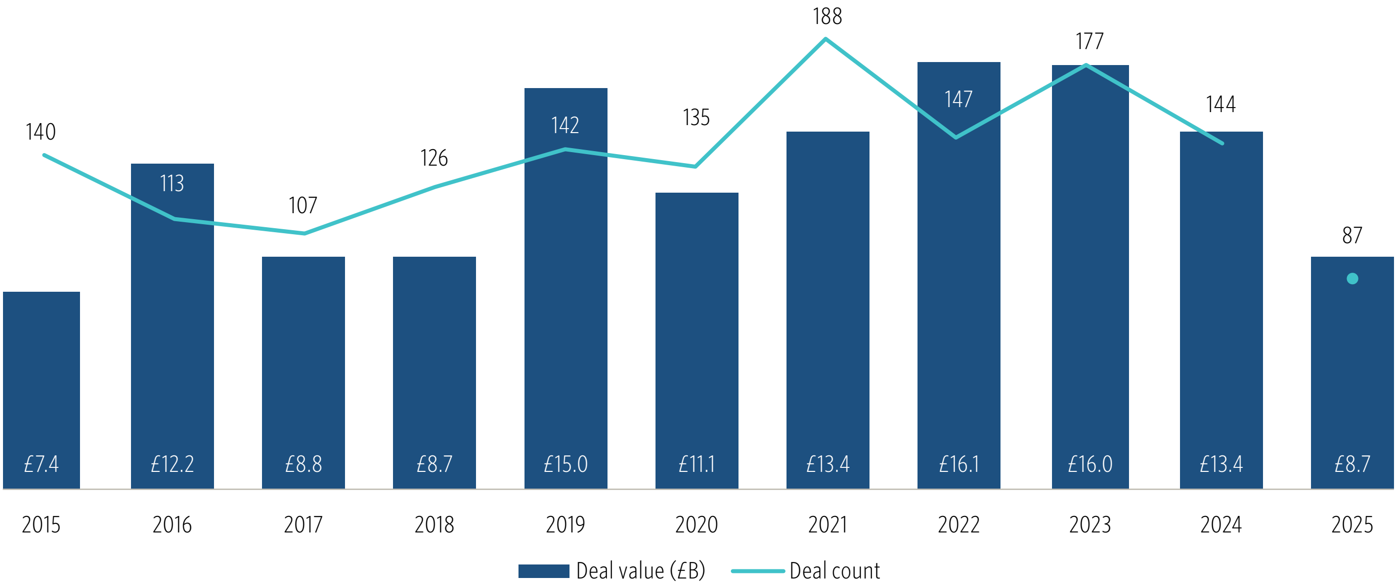
Source: PitchBook • Geography: UK • As of 30 June 2025

Share of PE deal count with US investor participation by country



Source: PitchBook • Geography: UK • As of 30 June 2025

PE carveout deal activity

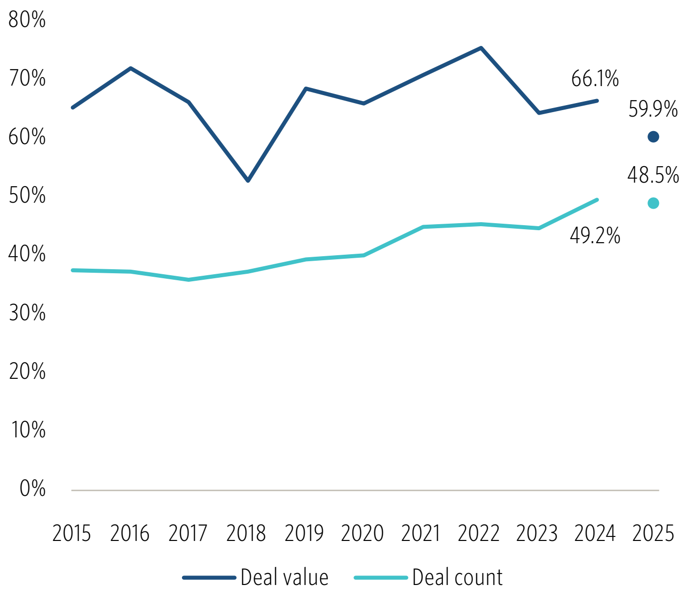


Source: PitchBook • Geography: UK • As of 30 June 2025

Strategic divestitures drive UK deal activity

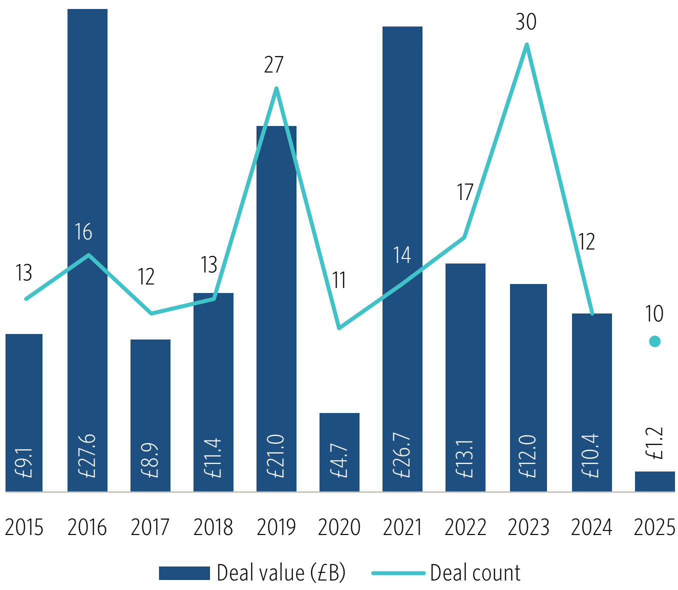
The surge in carveouts in the UK PE market reflects a confluence of strategic and macroeconomic factors. Many corporates are streamlining operations and shedding noncore assets to focus on higher-margin, growth-oriented divisions—a trend accelerated by the need to bolster balance sheets in a still-uncertain economic environment. Elevated financing costs over the past two years have also encouraged companies to monetise underperforming or capital-intensive units, freeing up cash for debt repayment or strategic reinvestment. In H1 2025, notable UK carveouts included Finastra's Treasury and Capital Markets business for £1.5 billion, HBI Health & Beauty Innovations for £945 million, and Iberdrola's UK Smart Metering business for £900 million. The Finastra carveout involved extracting a highly specialised financial technology division from its broader operations—requiring the separation of complex IT systems, regulatory compliance frameworks, and client service platforms before it could operate independently. Such carveouts often involve established businesses with solid customer bases but untapped operational or strategic potential, making them ripe for value creation through focused ownership and efficiency gains. These transactions, however, tend to be more complex and can take longer to execute than typical buyouts, given the need to separate shared systems, personnel, and infrastructure from the parent company.

PE cross-border deal activity as a share of all PE deal activity



Source: PitchBook • Geography: UK • As of 30 June 2025

PE public-to-private deal activity



Source: PitchBook • Geography: UK • As of 30 June 2025

UK public companies remain prime takeover targets

Take-privates remain a prominent theme in the UK as PE sponsors continue to target publicly listed companies. However, deal values have been markedly smaller than in prior years, with the largest H1 2025 take-private valued at just £263 million. Even so, the pace has been brisk: 10 take-privates were announced in the first half of 2025, almost matching the total for all of 2024. The LSE continues to face headwinds in attracting new listings, following record delistings in 2024, as highlighted in our 2024 Annual European PE Breakdown.

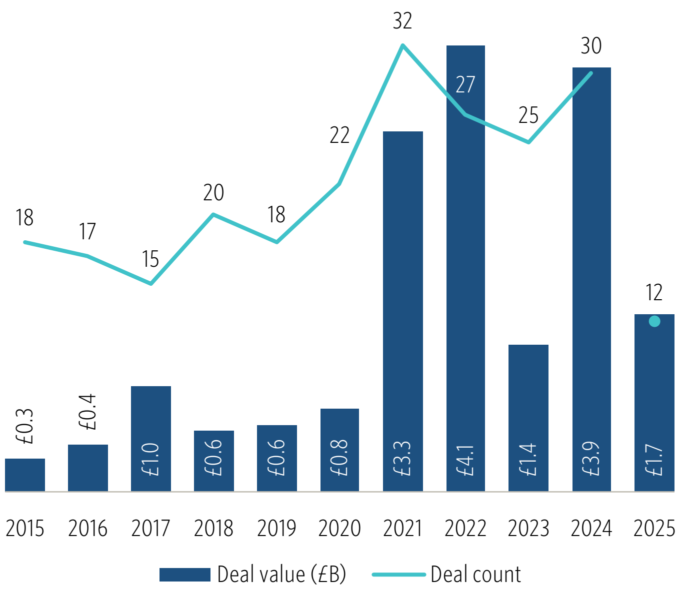
UK public companies have been prime takeover candidates for several years, drawing both sponsor and corporate interest. In early 2025, Deliveroo was acquired by its US rival DoorDash, and shortly thereafter, UK-based fintech company Wise announced plans to shift its primary listing to the US. These moves have further eroded the LSE's already limited roster of technology companies, leaving it with almost no significant tech listings—a worrying development for an exchange that has made attracting high-growth tech firms a strategic priority.

PE backs sports, data, and publishing in media push

Looking at the top deals in H1, we note several media transactions. This industry group has been gaining PE traction since 2020, underpinned by several structural drivers. First, the sector is highly fragmented, offering ample buy-and-build opportunities, particularly in digital publishing, content production, and marketing services, where scale can drive both cost efficiencies and stronger negotiating power with advertisers and distributors. Second, media assets often benefit from recurring revenue streams, whether through subscription models, syndication rights, or long-term advertising contracts, which help smooth cash flows and support leveraged financing. Third, the ongoing shift toward digital and data-driven content consumption has opened opportunities for PE to back companies with scalable platforms, audience analytics capabilities, and multichannel distribution strategies. Finally, valuation resets in certain media subsegments post-2022 have created entry points at more attractive multiples, allowing sponsors to acquire assets with growth potential at a relative discount.

Recent deal activity underscores this momentum. In sports media, streaming platform DAZN, which received £3.2 billion in funding from Access Industries in 2022, secured a further £796.7 million in 2025 from the sports arm of Saudi Arabia's Public Investment Fund (PIF) to help finance its $1 billion bid for broadcasting rights to the FIFA Club World Cup. PIF also invested £541.4 million into LIV Golf, a breakaway professional golf tour launched in 2022 that has sought to rival the PGA Tour. In the media analytics segment, HIG Capital acquired Kantar Media, a leading provider of audience measurement and advertising intelligence, highlighting PE's appetite for data-driven assets that serve the broader media ecosystem. Meanwhile, in publishing, RedBird Capital Partners acquired Telegraph Media Group from its previous United Arab Emirates sovereign wealth fund-backed owner after the UK passed new legislation prohibiting foreign states from owning UK newspapers.

Media PE deal activity



Source: PitchBook • Geography: UK • As of 30 June 2025

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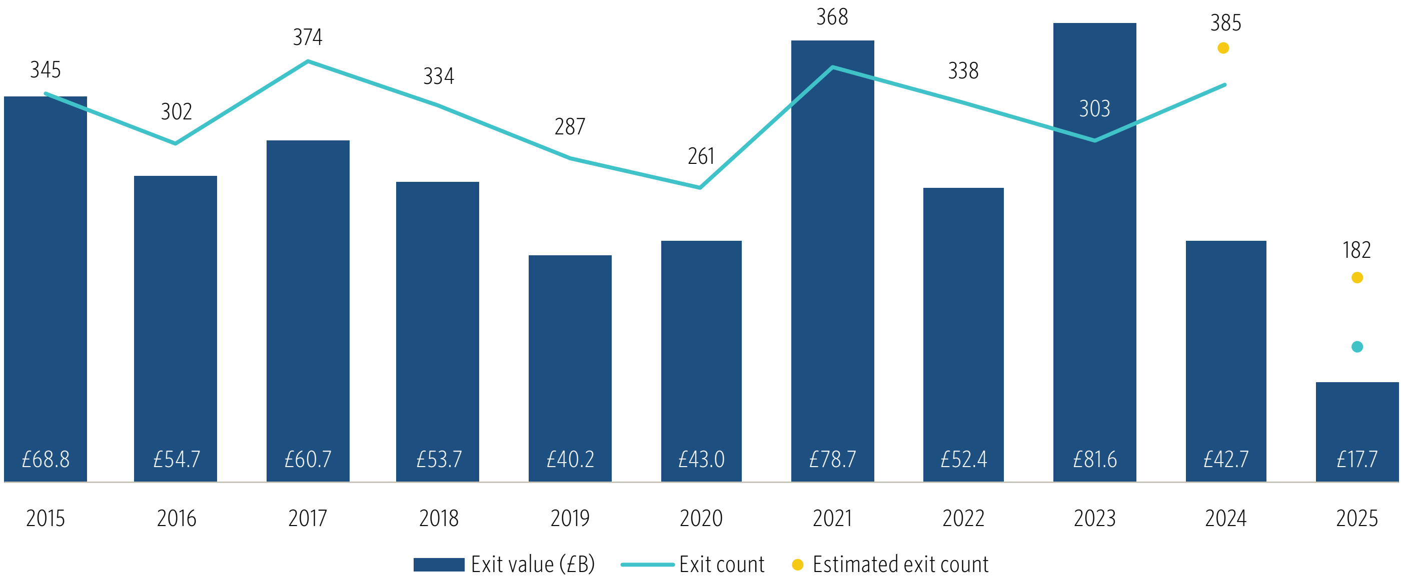
PE exits

PE exit activity

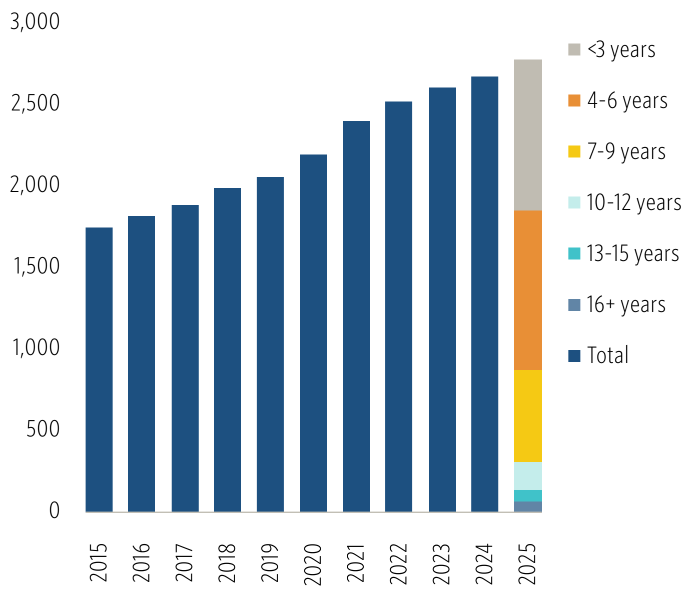


Source: PitchBook • Geography: UK • As of 30 June 2025

UK PE exits lag

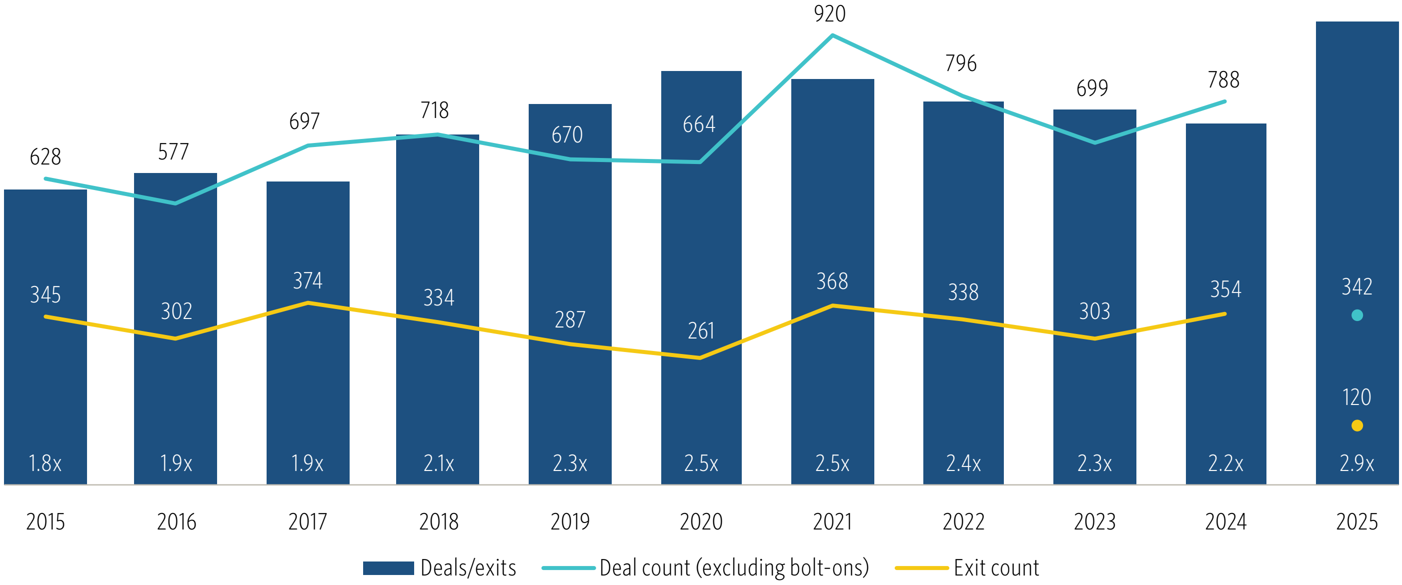
PE exits in the UK remain the biggest pain point for sponsors, with exit value over the past 18 months substantially lower than in 2021, 2022, and 2023. In H1 2025, exit value was 12.1% lower than in H1 2024, which itself had already fallen by 50% from the record highs of 2023. While exit values have declined, exit counts have held up, indicating that sponsors are completing more, but smaller, disposals. Notably, 38.8% of exits in 2025 have come from the £100 million to £500 million size bucket, reinforcing our earlier point that middle-market transactions continue to dominate. Companies are also staying private for longer, in a broader industry trend that applies to the UK as well. This contributes to a growing inventory of PE-backed companies, which has risen from around 1,700 one decade ago to more than 2,700 today. As a result, the industry is expanding, with fresh capital fuelling new deals at a faster pace than exits are taking place. This imbalance is reflected in the deals/exits ratio, which has jumped to 2.9x in 2025 from 2.2x in 2024 as the exit funnel remains clogged.

PE-backed company count by holding period (years)



Source: PitchBook • Geography: UK • As of 30 June 2025

PE deal/exit ratio

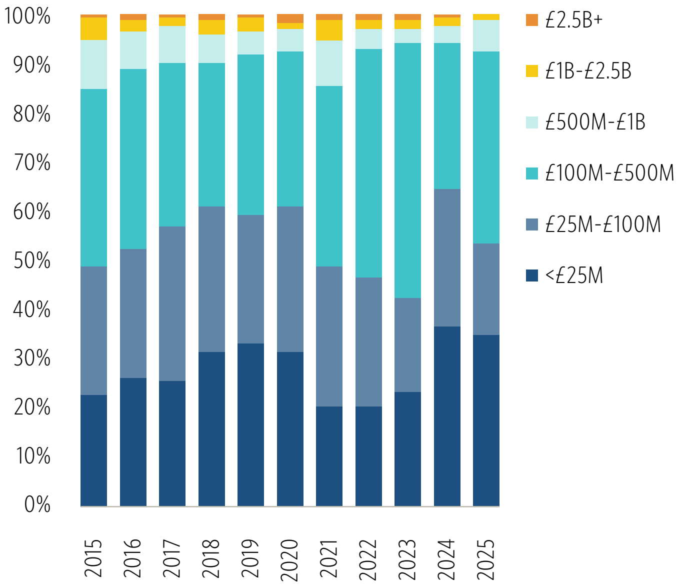


Source: PitchBook • Geography: UK • As of 30 June 2025

No PE-backed IPOs in sight

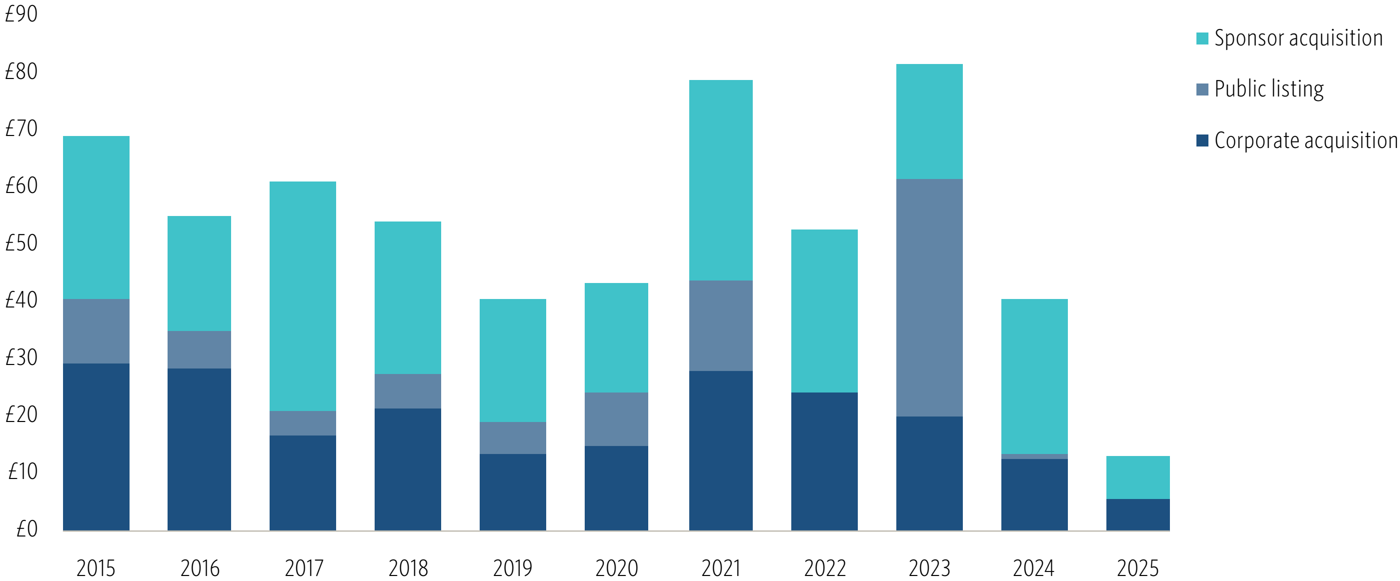
UK exit activity was even weaker than in the rest of Europe in H1, despite the UK being the largest private markets hub on the continent. A key reason is the near absence of public listings by PE-backed companies. Since 2022, only three such listings have taken place in the UK, with none so far in 2025. As noted earlier, structural challenges in attracting companies to the LSE have discouraged sponsors from pursuing domestic IPOs. Hopes for a revival in UK public listings have been pinned on upcoming LSE reforms, but confidence among market participants remains subdued for now. The LSE has nonetheless launched PISCES, a platform designed to allow privately held companies to trade shares on an intermittent basis without going through a full public listing, potentially offering an alternative liquidity route for PE sponsors while avoiding the burdens of a traditional IPO. For now, however, staying private appears to be the more common route, with 57.3% of total exit value in H1 2025 coming from sponsor acquisitions. Within this category, secondaries have continued to gain traction, as discussed in our note on GP-led secondaries. Notably, Inflexion closed the largest multiasset continuation vehicle in Europe earlier this year, raising £2.3 billion across four assets—a new record for the region.

Share of PE exit count by size bucket



Source: PitchBook • Geography: UK • As of 30 June 2025

PE exit value (£B) by type



Source: PitchBook • Geography: UK • As of 30 June 2025

Less carried interest earned by UK GPs

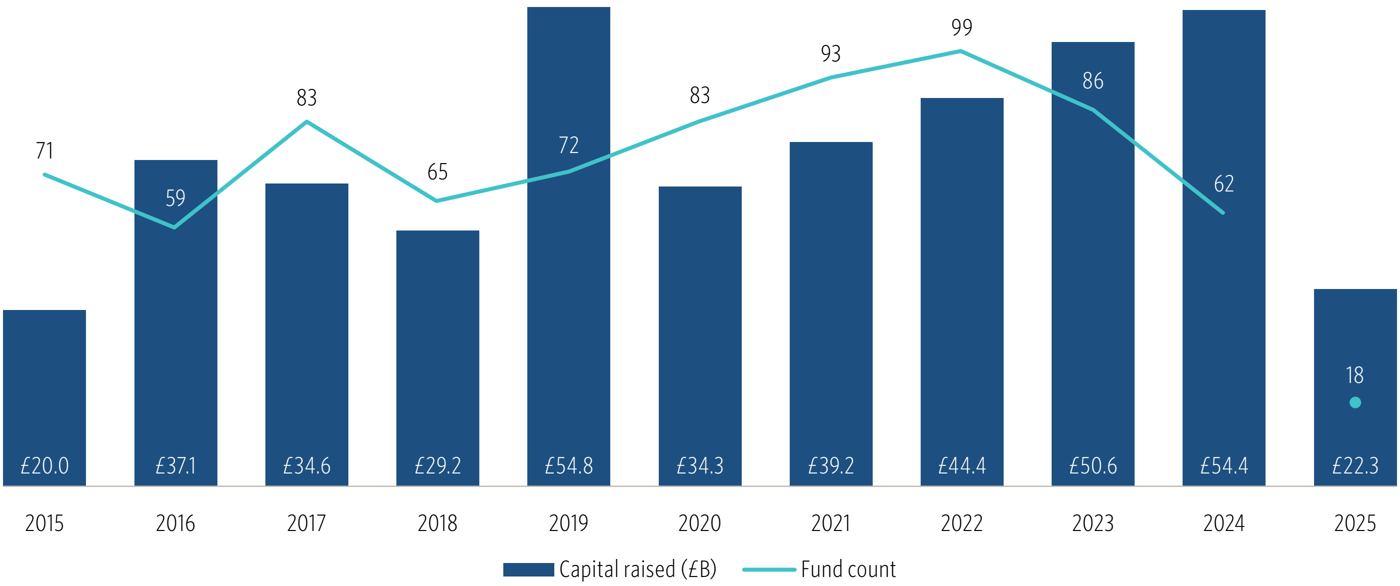
HM Revenue & Customs data shows the number of UK-based PE executives receiving carried interest fell in 2024 for the first time since records began in 2016-2017, with 2,770 dealmakers sharing £3.3 billion compared with 2,860 sharing £3.7 billion one year earlier.[7] The drop reflects both the impact of looming tax reforms and a tougher dealmaking environment, as higher interest rates in 2022 and 2023 depressed valuations and slowed exits. This lower carried interest underscores the subdued UK exit market of the past two years, with fewer profitable sales translating into reduced profit shares for fund managers. The current government has pledged to crack down on what it calls the "loophole" of carried interest, arguing it should be taxed as income rather than capital gains.[8] While ministers have not fully implemented that approach yet, they have raised the tax rate from 28% to 32%, effective from 6 April 2025, the start of the new tax year. Beyond these tax changes, the sector is facing broader structural challenges—most notably the overhaul of the UK's nondomiciled regime, which has prompted some high-earning fund managers to relocate abroad, further weighing on London's position as a leading PE hub.

7: "Top UK Private Equity Earners Dwindle Ahead of Tax Crackdown," Financial Times, Alexandra Heal, 7 August 2025.
8: Ibid.

PitchBook

PE fundraising

PE fundraising activity



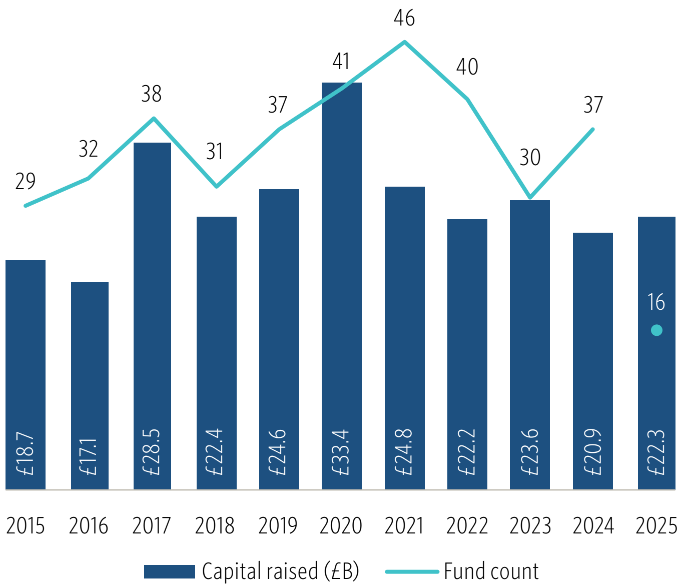
Source: PitchBook • Geography: UK • As of 30 June 2025

Middle-market resurgence drives UK PE fundraising in 2025

Fundraising in the UK has slowed overall but remains resilient, supported by a strong recovery in the middle-market segment. In contrast to recent years, which were dependent on megafunds exceeding £5 billion from managers such as Permira, Hg, Cinven, and Apax, 2025 has seen a resurgence of funds in the £100 million to £5 billion range. In the first half of the year alone, middle-market funds already raised more capital than in each of the previous three years, underscoring their importance as the heartbeat of the PE industry. This rebound has been fuelled by solid dealmaking momentum in the segment, prompting managers to scale up. Follow-on middle-market funds from TowerBrook Investors, Oakley Capital, Investindustrial, IK, and ICG all closed above the size of their predecessors, contributing to a median UK PE fund step-up of 1.3x in 2025, down from the 1.6x peak in 2022.

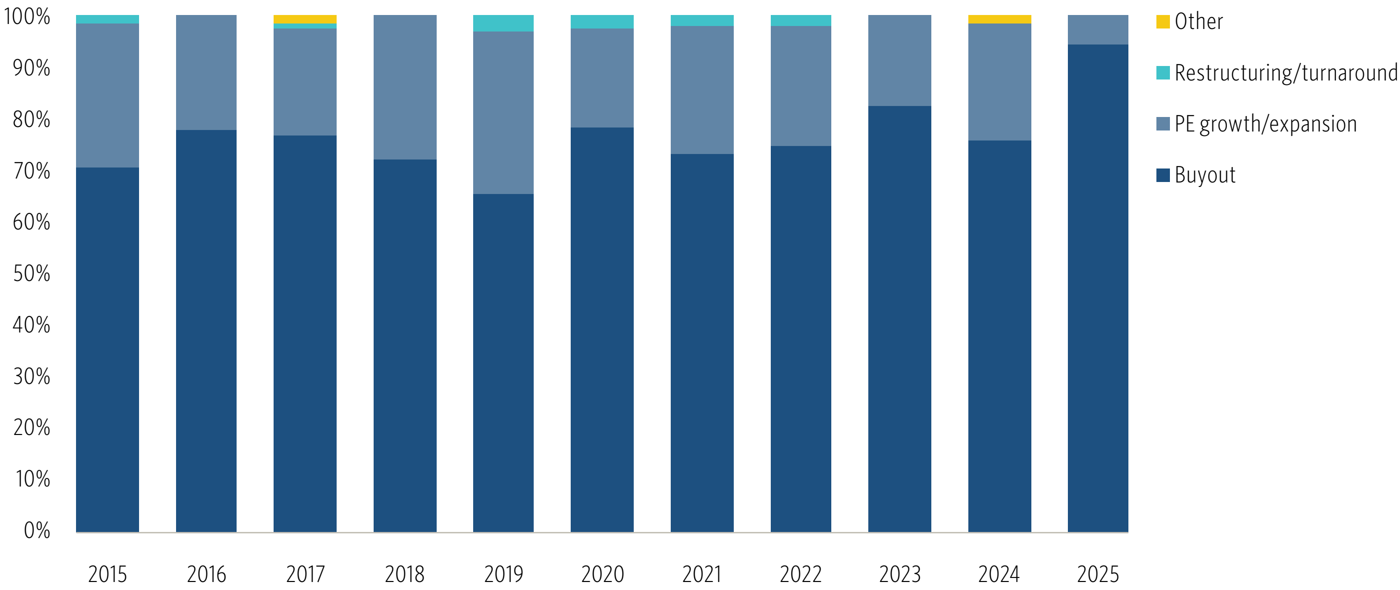
A common trend this year has been around strategy: All but one fund closed YTD have been buyout funds. In the wake of recent monetary tightening, LPs have consolidated their GP relationships, prioritising experienced buyout managers with proven track records. This dynamic has made fundraising

PE middle-market fundraising activity



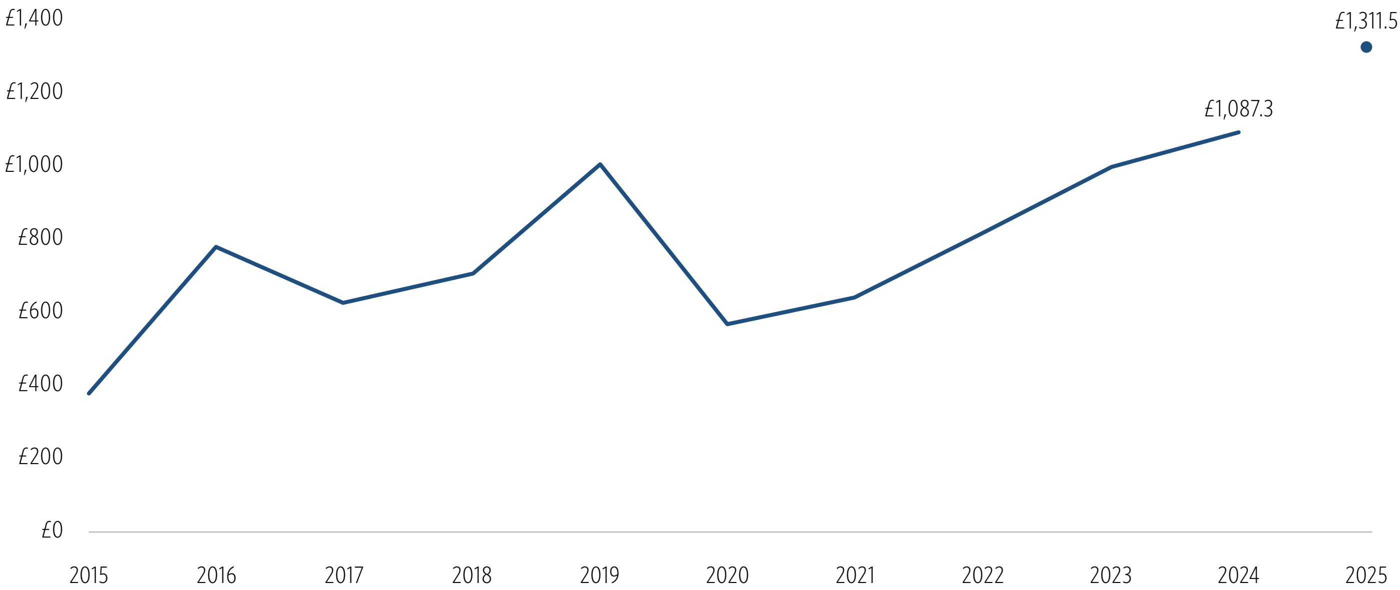
Source: PitchBook • Geography: UK • As of 30 June 2025

Share of PE fund count by type



Source: PitchBook • Geography: UK • As of 30 June 2025

Average PE capital raised (£M)



Source: PitchBook • Geography: UK • As of 30 June 2025

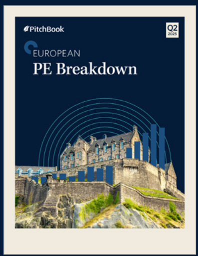
for first-time managers and growth equity GPs significantly more challenging. The consolidation is also evident in the fall in fund count since 2022, which has pushed both average and median fund sizes higher in the UK.

PE fundraising outlook

Looking ahead to H2, we expect the fundraising pipeline to remain dominated by middle-market vehicles. The absence of megafunds in 2025 could mean total capital raised falls short of 2024's record year, but the long-term outlook for UK fundraising remains positive. One potential catalyst is the Mansion House Accord, under which 17 pension funds have committed to allocate 10% of default funds to private markets by 2030 in a move that could unlock around £50 billion across all private market asset classes, not just PE.

Additional research

Private markets



Q2 2025 European PE Breakdown

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