



TRANSACTION LIABILITY

INDUSTRY UPDATE H1 2025

Private Equity | Real Estate | Energy & Infrastructure

EMEA REGION



PRIVATE EQUITY

Private equity deal activity picked up meaningfully in H1 2025, driven by stabilising macroeconomic conditions, falling interest rates, and mounting pressure on GPs to deploy capital and deliver exits. With dry powder still abundant and financing more accessible, sponsors have returned to the market with greater confidence. Insurers have responded in kind, offering broader warranty and indemnity (W&I) coverage, competitive pricing, and increased flexibility on retentions — particularly for lower- and mid-market deals. This has translated into a steady rise in enquiry flow and bound policies, despite lingering political uncertainty in the U.S. and ongoing valuation challenges.

DEAL VOLUME REBOUNDS: MID-MARKET MOMENTUM & SECTOR DIVERSIFICATION IN H1

Our deal activity in H1 2025 echoes the wider market narrative — marked by strategic deployment of capital and increased insurer engagement across key sectors. With an average EV of £145M and a strong volume of deals across TMT, manufacturing/industrial, and financial services, we're seeing firsthand how thematic drivers like digital transformation, supply chain resilience, and regulatory reform are shaping investment decisions.

Lockton-advised EMEA PE transactions
H1 2025

£7.1 BILLION

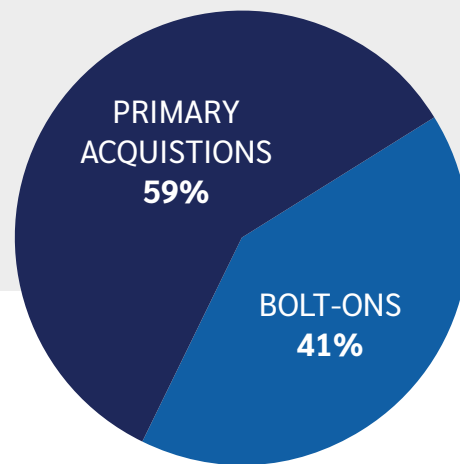
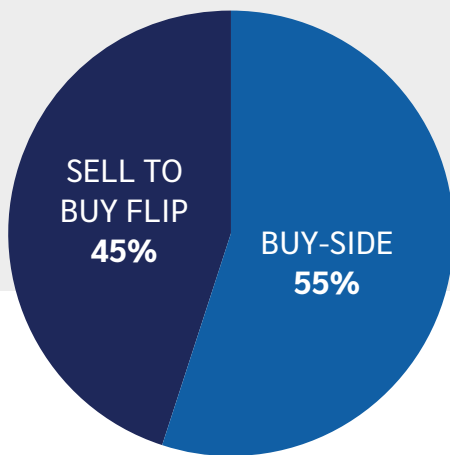
LOCKTON ADVISED ON NEARLY £7.1 BILLION OF BOUND
PRIVATE EQUITY TRANSACTIONS ACROSS EMEA IN H1 2025

£145 MILLION

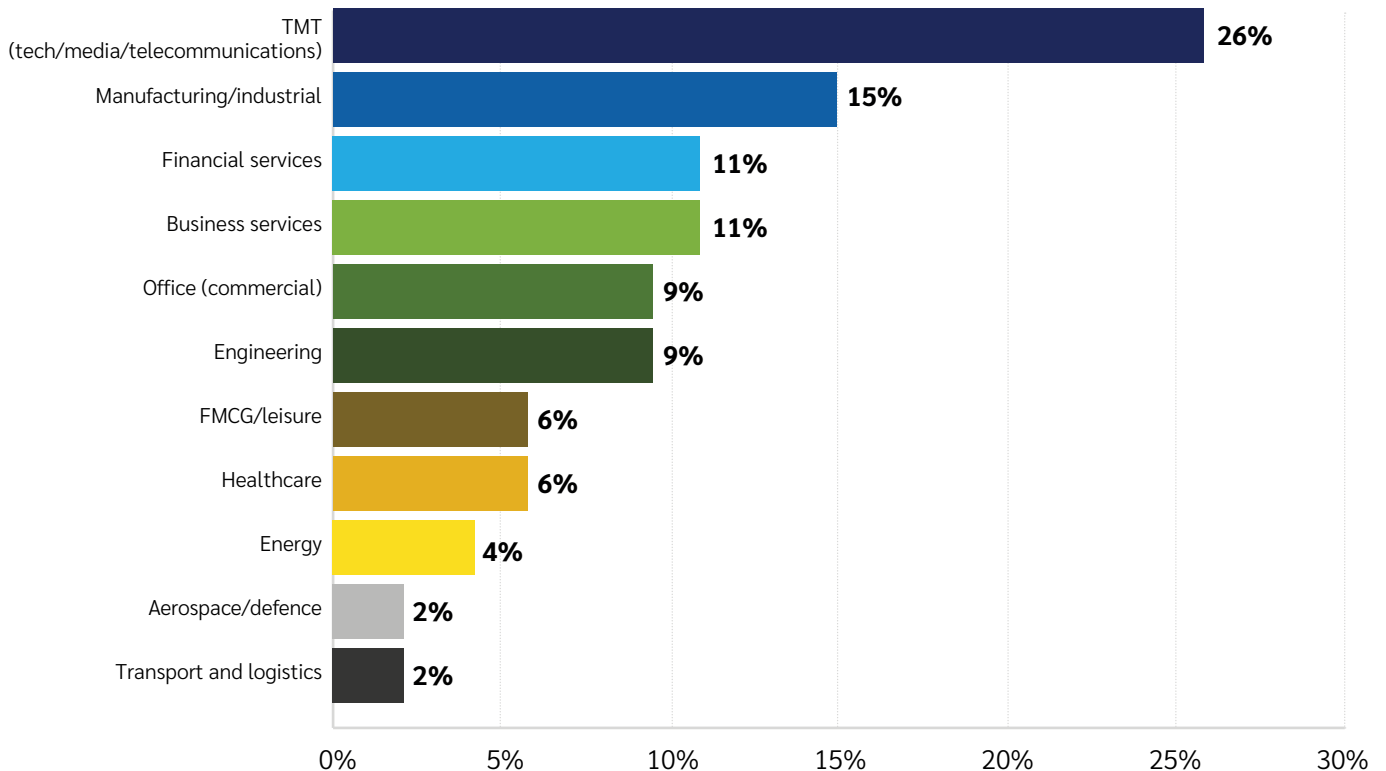
AVERAGE DEAL SIZE

0.8%

AVERAGE RATE ON LINE



TRANSACTIONS SPLIT BY SECTOR



Sector analysis

QUICK SERVICE RESTAURANTS: APPETITE GROWS AS INSURERS SERVE UP BROADER COVER

Over the past six months, we've observed a marked increase in transactions within the quick service restaurant (QSR) sector, underlining growing investor appetite for scalable consumer-facing businesses. Insurers are responding positively, showing greater confidence in the sector's risk profile. When underwriting QSR transactions, insurers typically focus on:

- Employment matters, including compliance, workforce liabilities, and HR practices.
- Material contracts, particularly supplier arrangements and franchise relationships.
- Intellectual property, with attention to brand assets, trademarks, and proprietary systems.

Notably, there is greater flexibility around IP warranty coverage, helping clients safeguard critical brand elements. Where specific IP risks are identified, our specialist team can explore bespoke insurance solutions through stand-alone IP policies, ensuring tailored protection without jeopardising deal momentum.

FINANCIAL & PROFESSIONAL SERVICES: WEALTH MANAGEMENT CONSOLIDATION HEATS UP

H1 2025 has continued the strong momentum from 2024 across the financial and professional services sector, with wealth management emerging as a particular hotspot. Private equity buyers have been actively acquiring IFAs, specialist accountancy firms, and advisory platforms, capitalising on succession-driven sales and the push for scale in a fragmented market.

Insurers remain bullish on the sector, and W&I coverage is increasingly available — especially for well-managed targets. Underwriting continues to hone in on:

- PI exposures, particularly legacy advice liabilities.
- Regulatory compliance, including Consumer Duty and FCA oversight.
- Client money handling and operational controls.

Where targets maintain strong PI cover and buyers perform robust insurance due diligence, insurers may offer top-up protection via W&I (including for mis-selling risks). In competitive processes, this is proving to be a key differentiator.





Transatlantic deals

U.S. BUYERS TARGET EUROPEAN ASSETS AMID POLICY SHIFTS

The relative strength of the U.S. economy in early 2025 continues to drive a steady flow of U.S. based sponsors and corporates seeking to acquire European assets.

From a transactional risk perspective, insurers remain responsive to this demand. While enhancements to European-style W&I policies can achieve a degree of transatlantic coverage, an increasing number of European insurers are now offering full U.S. style representations and warranties (RWI) policies — even in deals where transaction documents do not adopt U.S. style disclosure mechanisms.

In light of the current political climate, marked by increased tariffs, regulatory shifts, and fiscal reform, clients are placing greater emphasis on deal certainty and post-close protection. The broader scope of RWI policies is proving particularly attractive in this environment, offering a robust solution for mitigating execution risk and safeguarding value.

Key insurance takeaways

H1 2025 HAS SEEN CONTINUED MOMENTUM IN THE SME SPACE,

with appetite for W&I placements remaining strong. A large number of insurers are now consistently offering terms for these transactions, and new entrants are helping to drive competition and reduce minimum premiums. Insurers are also responding with innovation and efficiency, and digital platforms are beginning to deliver on long-promised underwriting efficiencies, streamlining the path to placement.

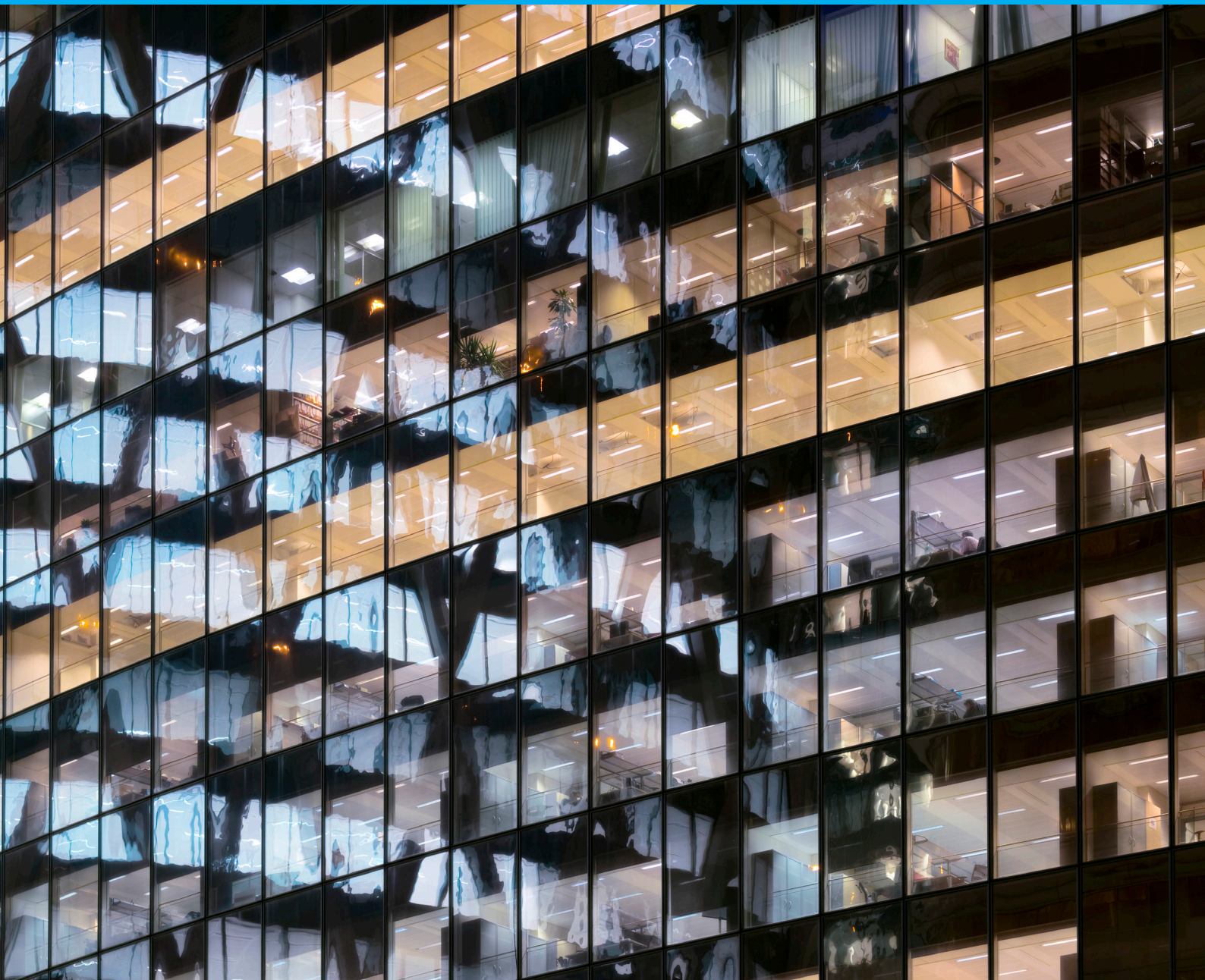
PRICING REMAINS ATTRACTIVE DESPITE A HARDENING INSURANCE MARKET.

Rates for European operational transactions in H1 2025 have held steady between 0.8% and 1.2%, with some deals closing as low as 0.7%. Lower pricing has encouraged clients to increase policy limits and take advantage of available coverage enhancements.

COVERAGE COMPETITION CONTINUES TO INTENSIFY,

with insurers offering broader protection and policy enhancements at little or no additional premium. New breach cover is gaining traction on operational deals, and nil retentions are now being offered more frequently on operational targets, particularly on lower-value transactions.





REAL ESTATE

We saw a notable increase in both the number and size of corporate real estate acquisitions over H1 2025, driven by easing interest rates, consolidation among asset managers and deal platforms, and investors eager to deploy capital into repriced assets.

While pricing offered by real estate-focused insurers in the transactional risk space has remained broadly consistent with levels seen at the end of last year, continued competition in the market has led to more flexible coverage positions and a growing appetite for incorporating policy enhancements.

Lockton-advised EMEA real estate transactions:
H1 2025

£4.2 BILLION

ADVISED ON REAL ESTATE
TRANSACTIONS ACROSS EMEA IN H1 2025,
UP FROM £3.36 BILLION FOR H2 2024

£90 MILLION

AVERAGE DEAL SIZE,
UP FROM £75 MILLION FOR H2 2024

0.53%

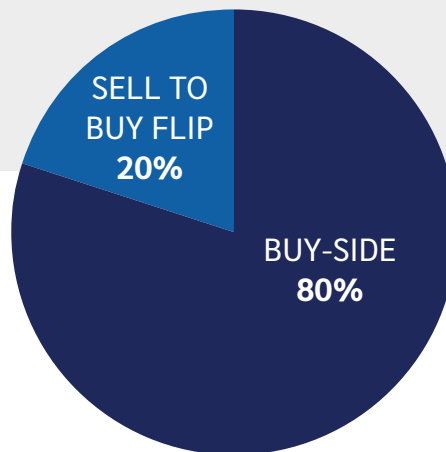
AVERAGE RATE ON LINE,
DOWN FROM 0.55%
IN H2 2024

30%

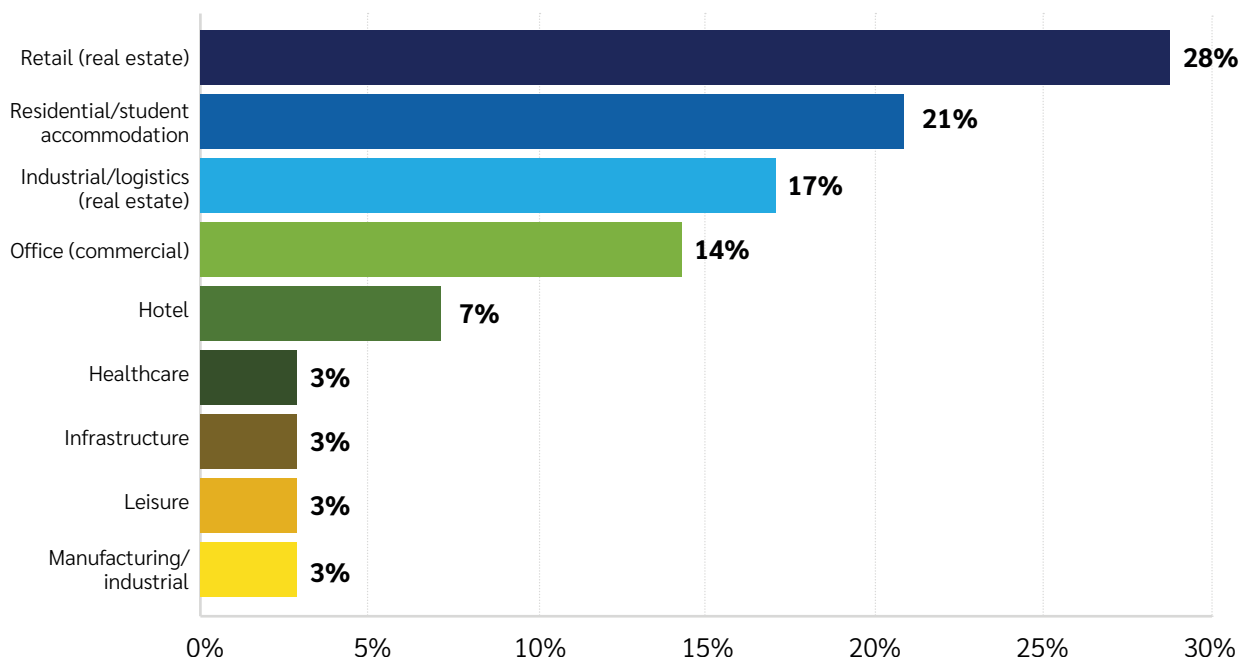
NUMBER OF DEALS WITH AN
ACCOMPANYING TITLE POLICY,
DOWN FROM 40% IN H2 2024

37%

AVERAGE COVER LIMIT,
UP FROM 24% IN H2 2024



TRANSACTIONS SPLIT BY SECTOR



Sector analysis

RETAIL

The resurgence in retail real estate, particularly in retail parks and shopping centres, has driven a corresponding uptick in W&I-insured transactions. While core institutional assets remain the most straightforward to underwrite, insurers are demonstrating increased flexibility on multi-let and operational portfolios, especially where leasing diligence is granular and ESG risks are adequately addressed. In retail-heavy transactions, we are seeing growing appetite for bespoke coverage around rental income, tenant defaults, and service charge recoverability, although legacy environmental and structural issues continue to attract caution from insurers.

PRIME OFFICES

The surge in prime office transactions has been primarily driven by:

- Near-record tight supply in core markets. Vacancy in London's most sought-after submarkets remains extremely low (~1.1% in the city core and ~0.3% in the West End), driven by intense occupier competition for Grade A space.¹
- A 'flight to quality' and ESG-led demand. Tenants are increasingly relocating to modern, sustainable offices with wellness features and strong transport connectivity, pushing prime rents up by approximately 7%-10% annually.²

These assets are typically deemed low risk given that they are often centrally located, held in clean SPVs with professional administration, and supported by comprehensive due diligence. As a result, the rate on line (premium as a percentage of the limit) for office assets remains extremely competitive.

PBSA & BSA

We continue to receive a high volume of enquiries regarding insurance cover for both primary and secondary liabilities under the Building Safety Act 2022. This remains a 'hot topic' among real estate investors and developers as case law continues to evolve around the legislation.

The most common asset class where this cover is sought is the student accommodation sector. While these risks remain insurable, robust technical due diligence (with clean findings) on the target asset, as well as cooperation from the seller in respect of their wider portfolio, is critical to securing terms.

HOTELS

The predictions made at the International Hospitality Investment Forum earlier this year have largely materialised, with a material number of luxury hotels and hotel portfolios brought to market in recent months. Several of these are still in underwriting, though pricing remains competitive. A key differentiator from last year is insurers' increased willingness to offer nil retention structures (or limit this to 0.1% of EV for employment claims only), despite these being operational real estate assets.

¹ <https://www.knightfrank.com/research/article/2025-02-18-the-core-opportunity>

² https://www.savills.co.uk/research_articles/229130/357708-0



ENERGY & INFRASTRUCTURE

Despite broader macroeconomic complexities, driven by digital transformation, energy security imperatives, and rising demand for resilient infrastructure, investment continued to grow significantly across EMEA.

DATA CENTRES LEAD THE WAY/RTB RETURNS/CRITICAL INFRASTRUCTURE AS AN INCREASING PE ASSET CLASS IN H1

Our deal activity reflects the increased focus on data centres across EMEA, the impact of fluctuating energy pricing on renewables, and growing investor appetite for critical infrastructure.

DATA CENTRES

Large-cap transactions continue, buoyed by a global roster of investors.

RENEWABLES

The popularity of RTB sites is returning, led by platform deals.

INFRASTRUCTURE

Growth in mid-market transactions, particularly fully operational assets as investors seek reliable returns.

Lockton-advised EMEA Energy & infrastructure (E&I) transactions
H1 2025

£9.1 BILLION

TOTAL EV OF E&I DEALS

£412 MILLION

AVERAGE EV OF E&I DEALS

0.94%

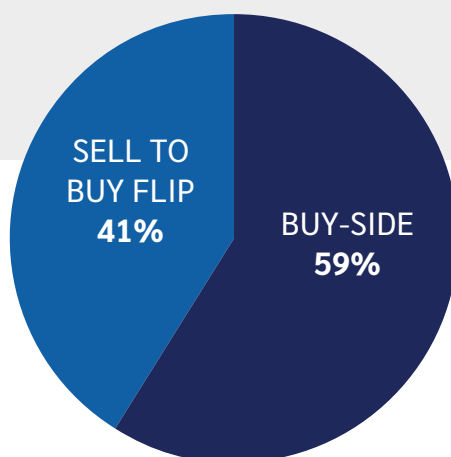
AVERAGE ROL
FOR E&I DEAL

0.83%

AVERAGE ROL
FOR U.K. E&I DEALS

32%

AVERAGE COVER
LIMIT AS A % OF EV



| SECTOR | % OF OUR DEALS IN EACH SECTOR | AVERAGE ROL | AVERAGE EV |
|----------------|----------------------------------|-------------|------------|
| Energy | 55% | 0.87% | £161M |
| Infrastructure | 23% | 0.96% | £188M |
| Data centres | 23% | 1.07% | £1.2B |



Sector analysis

DATA CENTRES

EMEA's data centre market expanded rapidly, with operational capacity rising 21% YoY, reaching 10.3GW by mid-2025, and a development pipeline equal to over 43% YoY growth in planning stages. This robust expansion is fundamentally driven by escalating demand for digital infrastructure, accelerated by artificial intelligence advancements and cloud adoption across the region. As an asset class, data centres offer long-duration contracts with attractive inflation-linked cash flows, attracting investors. Constraints around land, power, and regulation in key markets, as well as high capital requirements for construction, are driving platform consolidation across EMEA.

INFRASTRUCTURE

Whilst the broader landscape showed a slight decline in overall M&A values, driven by fewer megadeals, deal volume increased particularly in the middle market segment. Infrastructure funds continued to leverage dry powder, focusing on infrastructure assets that provide consistent and stable cash flow. Of particular note is increased activity across transport, telecoms, and engineering in the mid-market. We also assisted on numerous buy-and-build approaches across sectors such as chemicals, EV charging and distributed utilities. ,

RENEWABLES

M&A activity demonstrated remarkable resilience, as energy pricing volatility introduced new complexities. Europe alone contributed approximately USD 13 billion in deal value, highlighting the region's continued leadership in the energy transition. Investors increasingly targeted strategic opportunities, notably grid-connected BESS and RTB assets, with over 11 GW of battery capacity traded in Europe.

While wholesale energy price fluctuations and a rise in negative pricing events impacted PPA market dynamics, investors saw value in the purchase of listed renewable platforms, leveraging valuation gaps and effectively deploying W&I insurance to de-risk these take-private transactions.

Key insurance takeaways

JURISDICTIONAL GROWTH

Insurers have become increasingly comfortable offering broad levels of coverage in jurisdictions where there was previously limited appetite, including LATAM, sub-Saharan Africa, and SE Asia.

HIGHER INSURED LIMITS

Insurers are taking advantage of the lower pricing; we are frequently seeing clients purchase larger limits (20%-30% of EV).

DILIGENCE

We are frequently working with clients at an early stage to assist them in agreeing advisor scopes of work.

COVERAGE COMPETITION CONTINUES TO INTENSIFY

Insurers are offering broader protection and policy enhancements at minimal additional premium. New breach cover is gaining traction on operational deals.

PRICING REMAINS ATTRACTIVE

Particularly for renewables, where rates remain low despite a hardening insurance market. Rates for European operational transactions in H1 2025 have held steady between 0.8%-1.2%. Insurers are, however, pricing targets in regulated sectors at higher rates due to increased claims activity.

MEET OUR TEAM

Lockton's Transaction Liability EMEA team assists clients on transactions across a range of deal sizes, geographies, and sectors. Working with sponsors and their advisors, we source and place tailored insurance policies to ensure that transactions are executed with precision, mitigating risks for both buyers and sellers. We are well versed in assisting clients in structuring policies across a range of deal types, whether platform acquisitions, minority investments, bolt-ons, or take-privates.

Contact the Lockton team for more information today.



ADNAN CHIDA

Vice President, Transactional Risks

+971 (0)56 685 9326

adnan.chida@lockton.com



SIMON DODSWORTH

Head of Specialties, SVP

+971 (0)54 586 9063

simon.dodsworth@lockton.com