2025 Asia report: year in review

MinterEllison.

Contents

Overview

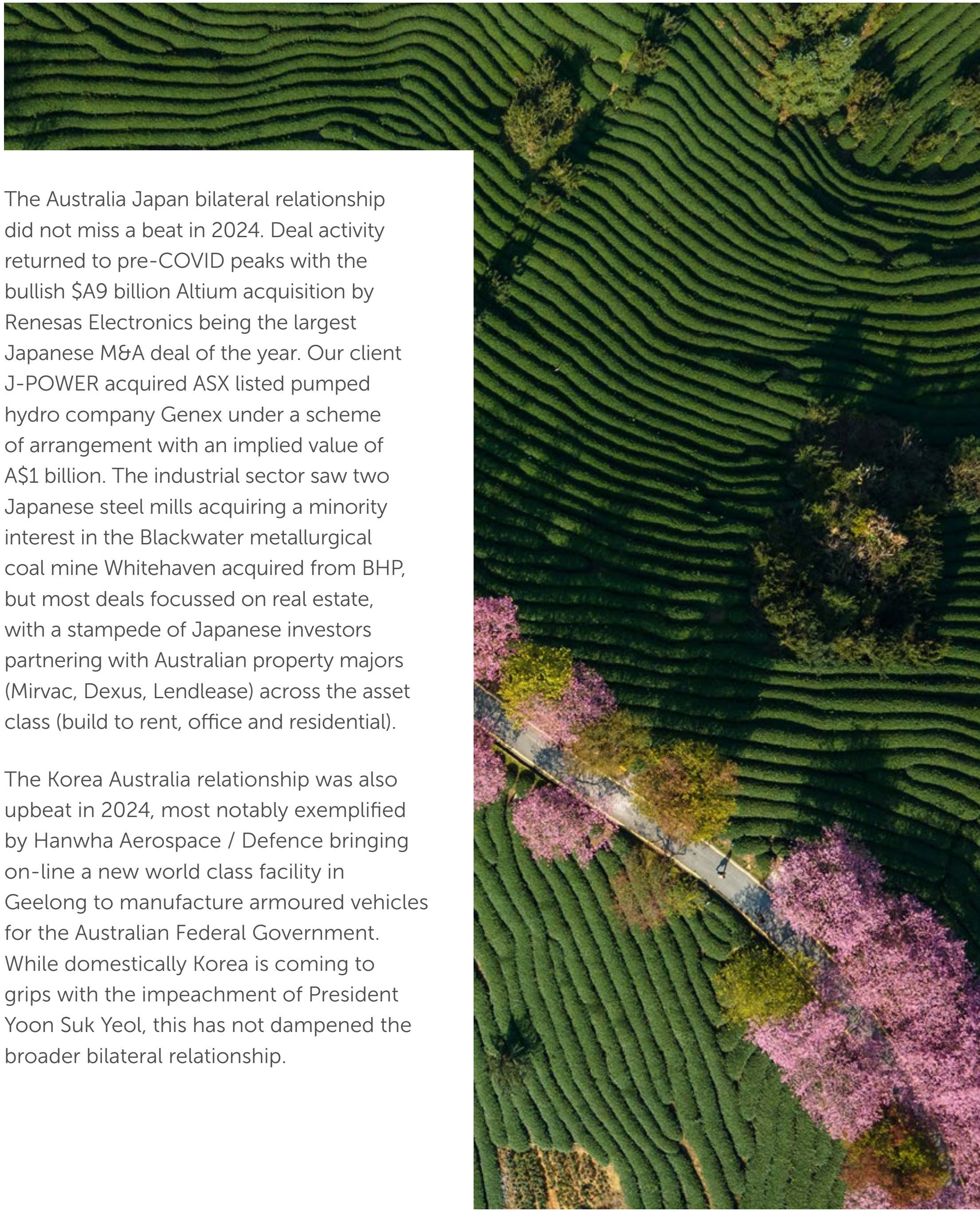
We are pleased to release our fourth edition of the MinterEllison Asia Report. In this edition we discuss deal activity in Australia during 2024 which has involved major corporates from Japan, Korea, China, Singapore and Malaysia and we identify the key thematics which we think will drive M&A deals in 2025. We also provide our perspective on the bilateral relationship between Australia and the Governments in these jurisdictions and assess the broader geo-political trends in the region.

This year we highlight the Albanese Government's *Future Made in Australia* policy and identify how this could stimulate investment in projects in the energy transition and critical minerals sectors. We also discuss the new merger reforms to Australian anti-trust law which investors will need to navigate when embarking upon acquisitions in 2026 and beyond.

The second Trump administration is the stand-out development of 2025. The trade policies of his administration are already proving unpredictable, but it seems inevitable that the US will impose tariffs on China and other nations, and even those that run a trade surplus with the US may face new barriers to US markets. As China is the largest two way trading partner with many countries in the Asia Pacific, including Australia, any trade war induced impact on China's economy will have adverse flow-on effects in other parts of the region.

The Australia Japan bilateral relationship did not miss a beat in 2024. Deal activity returned to pre-COVID peaks with the bullish $A9 billion Altium acquisition by Renesas Electronics being the largest Japanese M&A deal of the year. Our client J-POWER acquired ASX listed pumped hydro company Genex under a scheme of arrangement with an implied value of A$1 billion. The industrial sector saw two Japanese steel mills acquiring a minority interest in the Blackwater metallurgical coal mine Whitehaven acquired from BHP, but most deals focussed on real estate, with a stampede of Japanese investors partnering with Australian property majors (Mirvac, Dexus, Lendlease) across the asset class (build to rent, office and residential).

The Korea Australia relationship was also upbeat in 2024, most notably exemplified by Hanwha Aerospace / Defence bringing on-line a new world class facility in Geelong to manufacture armoured vehicles for the Australian Federal Government. While domestically Korea is coming to grips with the impeachment of President Yoon Suk Yeol, this has not dampened the broader bilateral relationship.



Overview

"This year we highlight the Albanese Government's *Future Made in Australia* policy and identify how this could stimulate investment in projects in the energy transition and critical minerals sectors."

Korea's standing as a batteries powerhouse was enhanced by LG Solutions' US$250 million convertible notes investment in ASX listed Liontown Resources to fund the Kathleen Valley lithium mine ramp-up. This investment foreshadowed a potential IRA compliant lithium processing plant, a development which would be supported under the Government's Future Made in Australia policy agenda discussed in this report.

2024 saw a continuation of the Albanese Government's considered and calibrated policy on relations with China. There was a successful focus on the removal of all outstanding tariffs imposed during the prior administration, visits by senior leaders, trade delegations and exchanges under various formal government programs. China continues to be Australia's largest trade partner now on a scale not seen since trade with the UK in the 1940's. The total value of two-way trade in 2023 was A$325 billion, which has doubled since 2015. An oft-repeated mantra of the Australian Prime Minister highlights the delicate balance that Australian governments maintain to ensure the health of this trade relationship in an increasingly complex geopolitical circumstance – 'co-operate where we can, disagree where we must and, at all times engage in the national interest'.

The long historical trend of increasing China exports also continued but Chinese investment into Australia remained subdued.

While investors from Malaysia generally consolidated their Australian investments during 2024, Singaporean investors were very active with some high profile M&A deals occurring in the private credit and student accommodation asset classes.

2025 is going to be a landmark year for Australia as the country negotiates the impact of Trump 2.0 on the economy and we look forward to supporting our clients on their most important transactions in this environment.

Brendan Clark
Managing Partner, International

Ben Smith
Partner, Asia Practice Leader

Japan

Year in review

The Japanese economy is expected to return continued real GDP growth in fiscal year 2024 which would result in four straight years of growth.

However, like many other developed countries around the world in 2024, Japan went to the election polls in October 2024. Shigeru Ishiba, a political maverick and a rival of the late Prime Minister Shinzo Abe, replaced Prime Minister Kishida and became the 102nd prime minister of Japan on 1 October. Soon after Prime Minister Ishiba took office, he dissolved the House of Representatives and held a snap election on 27 October. The ruling coalition failed to secure a majority and while Prime Minister Ishiba continues to stay in power with a minority government, no party outside the ruling coalition has committed confidence and supply. A minority government is extremely rare in Japan and is likely to lead to short term political instability.

Despite his long-term stance as *"an Opposition Leader within the ruling party"*, Prime Minister Ishiba has made it clear that his Government will accept and further pursue the main policies of his predecessor, Fumio Kishida, with a continued focus on wages growth, further breaking away from deflation, regional revitalisation within Japan and a shift to including nuclear power as part of Japan's energy mix.

Trump 2.0 will likely impact both Japanese politics and the economy but under a minority government Ishiba will likely have little bargaining power with President Trump. Whilst the US foreign policy and the much talked about proposed tariffs will likely attract the most attention in economic circles, the performance of the Japanese Yen against the US dollar will be the key focus for Japanese businesses doing deals outside of Japan.

> "A minority government is extremely rare in Japan and is likely to lead to short term political instability."

ME perspectives

Our dealmakers look back on 2024

Total M&A value for the first nine months of 2024 in Japan grew about 70% year-on-year to US$136 billion. For inbound M&A, private equity funds have led the market; for example, Carlyle, which raised US$2.8 billion for its new Japan buyout fund this year, invested in KFC Japan, while Bain Capital has announced six takeover bids in succession in 2024. In one of these, Bain Capital and KKR have been in a bidding war for Fuji Soft, possibly introducing a new chapter of contested M&A in Japan. For outbound M&A, the potential acquisition of US Steel by Nippon Steel has attracted the most attention, partly because of the active involvement of the US government during its election cycle, which in the final days of the Biden administration sought to block the deal. Nippon Steel has already indicated they will be taking legal action in response to former President Biden's decision.

From a corporate governance perspective, shareholder activism has continued to surge. During annual general meeting season in June 2024, the number of companies that received shareholder proposals reached a record of nearly 100 (however only one shareholder proposal was actually approved).

Despite this, we expect that shareholder activism will continue and become a more accepted part of the Japanese corporate governance landscape in the near term.

Building on a record year for Australian M&A in 2023 with 53 transactions and 38 partnerships involving a Japanese party, 2024 has followed a similar trend for Japanese M&A in Australia where we saw continued strong levels of M&A activity (although final numbers have yet to be confirmed). Whilst mid-market M&A activity remained strong this year, 2024 was certainly the year where the Japanese mega deals returned to Australian shores, headlined by the A$9.1 billion acquisition of Altium by Japanese semiconductor company Renesas Electronics. We also saw Nippon Steel and JFE Steel acquire 20% and 10% respectively of Whitehaven Coal's Blackwater coal mine for A$1.7 billion and Mitsubishi UFJ Financial Group also acquired superannuation and share registry administrator Link Group for $A2.1 billion. These large numbers are not entirely surprising and this was certainly the emerging trend for Japanese M&A in Australia pre-COVID-19 (Asahi-CUB deal value was A$16 billion in 2020, Nippon Paint-Dulux, A$3.8 billion in 2019 and Mitsubishi UFJ Financial Group-Colonial First State A$4.1 billion also in 2019).

The Australian real estate sector continued to be a strong focus for Japanese investors in 2024 after very strong initial activity in 2023 and now sees this sector sit alongside energy and mining as the one of the most active and sought after sectors for Japanese capital in Australia. Whilst the established players in Australia like Mitsubishi Estate, Mitsui Fudosan, Sumitomo Forestry and Daiwa House remain the dominant players, we are seeing a wider range of Japanese investors making investments into Australian real estate including Japanese utilities companies such as Tokyo Gas and Kanden Realty and Japanese rail companies such as Odakyu Electric Railway and Hankyu Hanshin Properties.

Conversely, the very strong interest from Japanese companies in the hydrogen sector across Australia slowed in 2024. The driver for this is largely domestic focussed as a number of the major Australian players including Woodside, Fortescue and Origin have made statements indicating a pull back from investment in the sector despite the Australian Government remaining a supporter. This has resulted in certain Japanese companies also slowing or pausing their investment plans here as they now navigate and reassess the revised Australian private and public focus on hydrogen in this country.

Predictions for 2025 and beyond

With Japanese FDI now accounting for 12% of all FDI in Australia, a record year for Japanese M&A in 2023 and an expected further record year in 2024, the fundamentals that have generated these strong and continued results should see further strong M&A activity in 2025 and beyond.

Whilst the Australian election in early 2025, and its outcome may result in a pause in some Japanese investment activity in 1H 2025, we do not expect the outcome to have a material impact on expected investment activity beyond that and we might even see a rush of Japanese deals once the Australian election cycle has passed. In addition, we think a further push factor into Australia for Japanese capital will be the Trump 2.0 presidency and the expected uncertainty it will generate in China and across South East Asia. This will likely push Japanese companies to look to deploy their investment capital into relatively more stable economies like Australia.

How the Australian economy performs in 2025 will likely be the dominant factor for Japanese business activity levels with cost of living, energy transition and inflation likely to cause the new Government to use certain policy settings to stimulate growth and investment in targeted areas. Whether Australia can navigate a soft landing in 2025 like it appears the US economy has achieved in 2024 will be key.

With these domestic factors in play, we predict strong deal flow in the following areas:

- **Real Estate** – the wave of Japanese investment in the real estate sector will continue and we expect to see even more new Japanese investors such as the Japanese trading houses investing alongside the pure real estate players like Mitsubishi Estate, Mitsui Fudosan and Daiwa House. This investment will still remain focused on commercial and residential along the east coast population hubs of Sydney, Melbourne and increasingly Brisbane. However, we expect this may start to expand into logistics, data centres and other digital infrastructure.
- **Energy and Mining** – energy and mining still remains the bed rock of the Australia-Japan bilateral trading relationship with our complimentary economies and Japanese dependence on Australian energy and resources ever present. With a general acknowledgement that the energy transition to net zero of both nations will be slower than expected, we anticipate further M&A and investment into Australia's coking coal and gas assets. Critical minerals remain on close watch by Japanese companies in Australia and certain players may invest in 2025 as Trump 2.0 pushes for further independence from China in this area, again pushing capital to the 'Five Eyes' countries like Australia, Canada and US rich, all in these commodities.
- **Renewables** – the steady inertia here will continue however it is apparent that Japan Inc. may consider renewables in the context of a broader decarbonisation discussion and will look at a whole range of opportunities in Australia including decarbonising the energy and mining sectors, battery storage, biofuels and sustainable aviation fuels and carbon capture and storage (CCS). The latter is a particular focus for Japan off the back of the Japan Ministry of Economy, Trade and Industry (METI) published 'The CCS Long-Term Roadmap' which looks to accelerate technology deployment in this sector and has set certain 2030 and 2050 targets. We expect further collaboration between Australia and Japan in CCS as a result in 2025 and beyond.

Deal highlights

J-POWER takeover of Genex Power Limited

We advised Electric Power Development Co., Ltd. (J-POWER), one of Japan's largest electricity utility companies on its A$381 million acquisition of 100% of the shares in ASX-listed Genex Power Limited (Genex) which implied an enterprise value of A$1.035 billion, by way of a dual track scheme of arrangement and concurrent off-market takeover bid.

Genex is a developer of renewable energy generation and storage projects across Australia with a portfolio of more than A$1 billion of renewable energy generation and storage projects. The company's flagship Kidston Clean Energy Hub, located in north Queensland, is comprised of the operating 50MW stage 1 Solar Project (KS1) and the 250MW Kidston Pumped Storage Hydro Project (K2-Hydro), the first of its kind in Australia in more than 40 years, with potential for a further wind project.

The acquisition of Genex by J-POWER will accelerate investment by Genex in renewables in Australia, with J-POWER bringing the capital and operational expertise to fund and operationalise new developments.

Genex shareholders voted overwhelmingly in favour of the scheme on 16 July 2024. The New South Wales Supreme Court approved the Scheme on 19 July 2024 which was then implemented on 31 July 2024.

Cedar Pacific & Sumitomo Forestry partner on BTR Fund

We advised Cedar Pacific on its establishment of, and investment in, a cornerstone build-to-rent fund (BTR Fund) with Sumitomo Forestry Australia as the key foundation investor. Cedar Pacific will develop and operate high-quality, sustainable build-to-rent assets via the Essence Communities brand, a new subsidiary of UniLodge.

Cedar Pacific is seeking to grow the BTR Fund to an A$1.2 billion portfolio of assets located across Australian capital cities. The developed value of the Brisbane seed asset is estimated to be A$350 million.

Cedar Pacific is an established investment manager and property developer in the Australian and New Zealand living sectors, with a proven track record in student accommodation assets. The BTR Fund is Sumitomo Forestry Australia's first Australian BTR investment.

Panasonic and Orix form strategic partnership for Panasonic's 'visual solutions business'

We advised Panasonic Connect Co., Ltd, a subsidiary of Panasonic Group, on the Australian and New Zealand aspects of its 'visual solutions business' strategic partnership with ORIX Corporation, a Japanese financial services group. This business includes the manufacture and sale of projectors, professional displays, video equipment, systems and related operations (Visual Business). The transaction is valued at approximately 118 billion yen (A$1.717 billion).

Panasonic and ORIX will establish a new company of which Panasonic will hold 20% and ORIX will hold 80%. Panasonic will carve out and transfer the Visual Business from its existing operations to the new company, which will occur as part of a multi-jurisdictional pre-completion restructure.

This transaction is significant for Panasonic, involving the establishment of additional subsidiaries in North America, Europe, Singapore and China. It is expected that the transaction will complete on or around 1 April 2025.

Real estate investment

As we have discussed, there has been a significant increase in Japanese investment across the Australian real estate sector over the last few years. As one of the leading real estate sector legal advisers in Australia, we have been involved in more than eight transactions in 2024 across numerous asset classes where a Japanese party has invested. Given the macro trends driving this investment activity, we look forward to supporting our clients in 2025 on further deals in the Australian real estate sector.

Korea

Year in review

2024 was a turbulent year in Korean politics particularly with the declaration of martial law by President Yoon Suk Yeol on 3 December 2024 which sent shockwaves across South Korea and throughout the world. Yoon justified martial law by accusing his domestic opponents of "anti-state activities plotting rebellion", claiming he was protecting the constitution from "pro North Korean forces". The broader context to this decision is months of domestic political battles between the South Korean leader and the opposition-dominated National Assembly. Yoon cited his opponents' repeated attempts to seek impeachment of key members of his administration, and their blocking of budget legislation, as further justification for martial law.

The period of martial law only lasted six hours and was swiftly overturned by the Korean Parliament and by the next day, armed forces had withdrawn. Yoon has now publicly conceded that his attempt had failed. In the aftermath the President was impeached on 14 December 2024 and subsequently charged with insurrection. Many Koreans thought that the days of martial law remained firmly in the past, so the turn of events was baffling and a real miscalculation of what every day Koreans would regard as acceptable political conduct in the 2020s. Koreans are now waiting for the Constitutional Court to rule to determine if the impeachment is upheld. If the impeachment is upheld, an election will be called within 60 days.

In 2024, Korea and Australia celebrated the 10th anniversary of the Free Trade Agreement, marking a decade of a deep trade relationship between the two countries. It is noteworthy that Posco, which purchases A$7 billion worth of Australian resources each year, remains the single largest private customer of Australian exports.

On 1 May 2024, the sixth Australia-Korea Foreign and Defence Ministers' (2+2) meeting was held to advance the 2021 Australia Korea Comprehensive Strategic Partnership. The Ministers from the two countries affirmed their commitment to defence and security cooperation. Both countries' armed forces participated in the 'Talisman Sabre' and 'Pitch Black' military exercises. Notably, Hanwha Aerospace / Defence announced that it completed construction of the 32,000 square metre state-of-the-art Hanwha Armoured Vehicle Centre of Excellence (H-ACE) manufacturing facility in Geelong, Victoria, the first overseas production base established by a Korean defence company to oversee the production of the Huntsman and Infantry Fighting Vehicles.

Korea and Australia continued to partner together in working towards transitioning to cleaner energy, achieving their mutual climate goals and creating new economic opportunities. In December 2024, Korea and Australia entered into the Green Economy Partnership Arrangement on Climate and Energy which is expected to enhance bilateral trade and investment in clean economy sectors, improve energy security and supply chain cooperation and assist both countries in achieving net-zero emissions by 2050.

ME perspectives

Our dealmakers look back on 2024

In 2024, the Korean M&A market showed some signs of recovery following subdued activity levels throughout 2022 and 2023. During the first half of 2024, the number of listed companies in Korea that completed or announced M&A's surged by 34% compared to the first half of 2023.

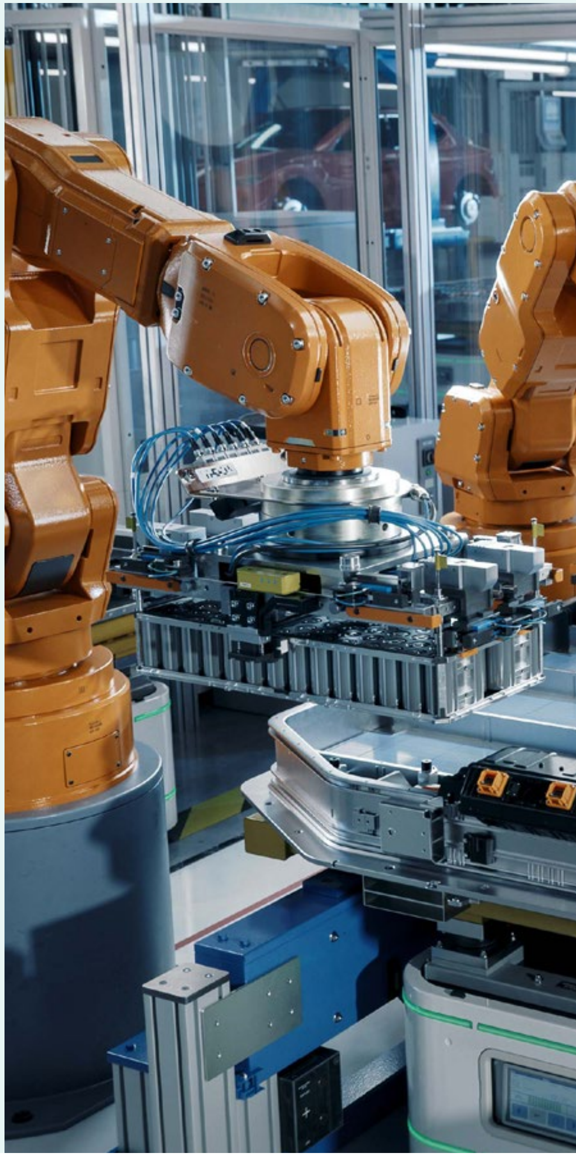
Following a challenging first half of 2024, the Korean M&A market recovered in the second half of the year with increasingly acquisitive domestic conglomerates seeking to expand overseas.

"Korea and Australia continued to partner together in working towards transitioning to cleaner energy..."

In connection with Australian activity there were a number of notable deals involving major Korean companies, including:

- the strategic partnership between ASX listed Liontown Resources and LG Energy Solution, one of the world's leading battery producers. This involved LG investing US$250 million in Liontown through a convertible note issue;
- POSCO's US$40 million equity investment in ASX listed graphite developer Black Rock Mining together with offtake rights; and
- the A$8 million investment by Korean EV battery metals producer EcoPro Innovation into ASX listed Canadian lithium miner Green Technology Metals.

Zinc producer Korea Zinc Company, Ltd, listed on the Korea Stock Exchange (KRX), was put in play as a result of the hostile takeover bid made by the company's largest shareholder, Young Poong Group which was backed by private equity firm, MBK Partners. Korea Zinc expressed concerns that its zinc refinery operations in Australian could be scaled back and also be disrupted if investment in its Australian subsidiaries' renewable projects were curtailed. Ultimately Sun Metals Corporation, a wholly owned Australian subsidiary of Korea Zinc, spoiled the takeover by acquiring a cross holding in the bidder. The battleground for control of Korea Zinc has shifted from a shareholders' meeting to the courts after MBK Partners and Young Poong Group filed an injunction request with the Seoul Central District Court to suspend the validity of the resolutions passed at the shareholders' meeting, including the introduction of the cumulative voting system. The alliance also filed a complaint with the Korean Fair Trade Commission, accusing Korea Zinc and its Chairman and CEO, as well as current and former board members of Sun Metals Corporation of violating the Korean Fair Trade Act.



Korea

Predictions for 2025 and beyond

The outlook for Korea is uncertain on account of a number of factors.

The Trump administration's imposition of an additional 10% of tariffs on China is a double-edged sword for Korea. On the one hand, the proposed tariffs on Chinese exports could benefit Korea as it could mean Korean products gain a price advantage over Chinese goods. On the other hand, as many Korean suppliers are integrated into Chinese supply chains (especially in sectors like electronics, automobiles and batteries), the China tariffs could have a flow-on effect on Korea.

> "While the rest of the world is making every effort to meet President Trump and the key players of his administration, Korea is left somewhat in limbo."

President Trump 2.0 has also vowed to end US subsidies to foreign companies building semiconductor, electronic vehicle, and battery plants in the US, which would affect companies like Samsung Electronics, SK Hynix and LG Energy Solutions. President Trump has also signalled that he will prioritise traditional energy industries (oil and gas), which could slow the growth of the US renewable energy market and pose challenges for Korean renewable energy companies either with a presence in the US or seeking to enter the US market.

The timing of the South Korean political instability is unfavourable, with President Trump having commenced office on 21 January. With no Korean President in power, South Korea is expected to be at a disadvantage compared to other allies and partners of the US, who are angling to meet early with President Trump to develop a relationship with the new US administration. With the political repercussions expected to continue throughout 2025, the M&A market is likely to be impacted by relatively lower confidence levels of economic players.

Notwithstanding these events, the market remains optimistic for Australia-Korea cross-border M&A activity to remain robust in 2025, driven by the energy transition and technology sectors and in particular, critical minerals, EV batteries, AI, robotics, clean energy and defence, and aided by lower financing costs. Ongoing reorganisations in traditional sectors such as resources, oil & gas, industrials, construction and utilities are also expected to continue to play a prominent role for cross-border M&A activity.

In addition, with both Australia and South Korea still uncertain about how the return of President Trump will affect their respective alliances and regional security more broadly, there is elevated consensus on the need for the two countries to work together more closely on defence and security issues than ever before.

Deal Highlights

Hanwha Aerospace / Defence – Commonwealth Land 400 Phase 3 and Land 8116 projects and H-ACE facility

We continue to be the primary legal advisers to Hanwha Defence Australia for the Commonwealth's Land 400 Phase 3 project (an Infantry Fighting Vehicles program worth approximately A$5-7 billion) and the Land 8116 (an A$2 billion self-propelled artillery project).

We also advised on all aspects (including the site selection and acquisition, tendering process, project document negotiations, regulatory approvals and assisting with completion) of the A$170 million 32,000 square metre state-of-the-art Hanwha Armoured vehicle Centre of Excellence (H-ACE) manufacturing facility in Geelong, Victoria which officially opened on 23 August 2024 and is responsible for producing Self-Propelled Howitzers and Armoured Ammunition Resupply Vehicles (under Stage 1) and Infantry Fighting Vehicles (under Stage 2) for the Australian Army.

Dongwha Enterprise's sale of Dongwha Australia

We advised Dongwha Enterprise on its circa A$100 million sale of its 100% stake in Dongwha Australia which was first founded in 2011 and owns a sawmill factory in Bombala, NSW and produces a wide range of timber products and wood-based panels.

China

Year in review

2024 was a difficult year for the Chinese economy despite having emerged from its zero covid policy era by the 2nd quarter of 2023. Notwithstanding several Government initiatives aimed at stimulating the economy and in particular, consumer confidence, it remains clear that the dial is still yet to be moved significantly. The concern is managing deflation as opposed to cost-of-living pressures.

The considerable weight of a moribund property market also continues to hang over the economy and consumer confidence although the issue is lack of activity as opposed to a plummeting floor in values. Tools such as reduction in mortgage rates and required minimum deposits, selective liquidations of major developers, local government bond programs and distressed debt asset rearrangements have all been rolled out. It is important to note more tools are held in reserve both in terms of initiatives and scale. It helps that the Government controls all the levers at the institutional and regulatory levels i.e., all but the individual level.

On the upside, annual GDP growth even at 4% on such a large economic base is huge. China remains 20% of global economic growth, being a larger share than the G7 countries combined. Beijing's public release of provincial governments missing 2024 GDP targets shows a pragmatic approach. Consumer savings are at historic numbers for China and globally. Household savings since 2020 have increased by more than the total GDP of Japan in 2023.

There is plenty of dry powder.

In 2024, Beijing focussed on supporting industries in both domestic and international investment on a considered sector and supply chain basis. Examples were EV's, batteries (storage and EV), renewable energy, semiconductor design and manufacture, plus investment in AI.

Data only now becoming available suggests 2024 represented the highest-level of overseas investment by China since a peak of 2016. However, this is primarily focussed on developing country markets or in the case of Europe, more friendly jurisdictions such as Hungary and Serbia. Investment in developed economies was below 30% of the total. Chinese investment in Europe overall is the lowest since 2010 and remains at subdued levels in Australia.

Direct investment through both Government channels or support and through private manufacturing has boomed in Asia and the Middle East, with Latin America not far behind. Africa remains a constant with mining and associated processing and infrastructure, in the lead.

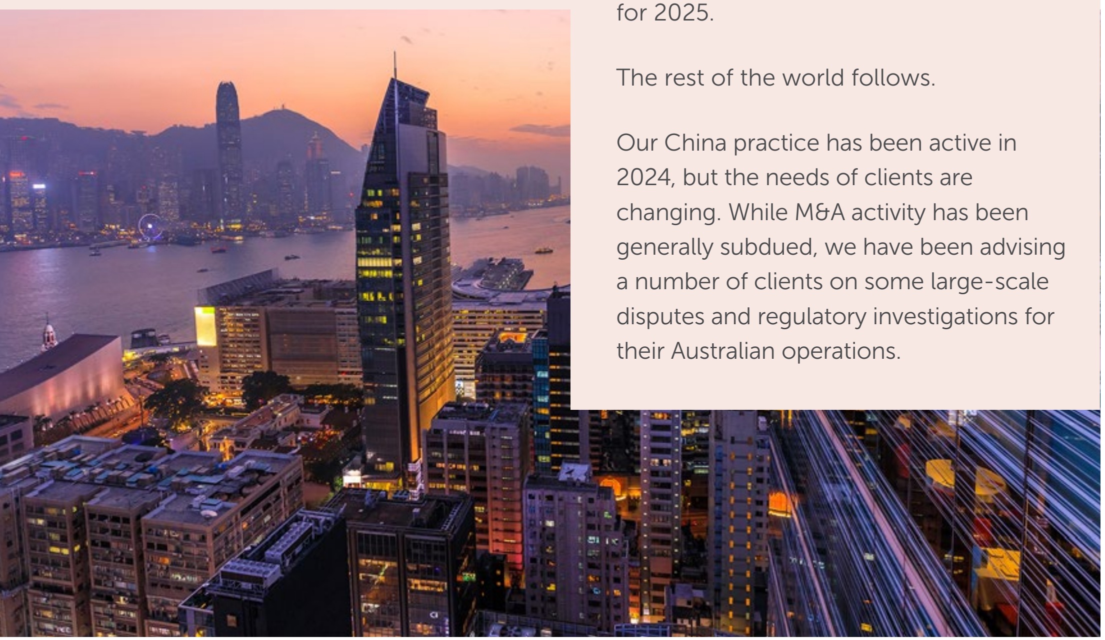
The generally warmer relationship that the Albanese administration has cultivated with their counterparts continued in 2024. The last remaining tariffs (wine and lobster) were removed and high-profile visits to Australia by China's Foreign Minister Wang Yi and Premier Li Qiang, the first in seven years, took place in the middle of the year. Perhaps conscious of lower numbers of foreigners visiting China, 15-day visa-free travel was ushered in by the PRC Government.

ME perspectives

Our dealmakers look back on 2024

From an Australian perspective, Chinese inbound investment deals were few.

On a brighter note, education and tourism sector demand from China bounced back to at least pre-Covid levels. However, Australia initiated foreign student caps which agents say had an immediate impact on application queries from China no doubt influenced by the general longer term sober discussions at national Government level.



In summary, to quote Lowy Institute research, "*In 2001, some 80 per cent of economies worldwide did more two-way trade with the United States than with China. Just over twenty years later, our research reveals an almost complete reversal of global trade relationships in favour of China*"- Lowy Institute's Director of Research Hervé Lemahieu.

That and the desire for both countries to have a substantive domestic manufacturing and self-sufficient energy resource capacity, sets the scene for policy initiatives for the USA and China for 2025.

The rest of the world follows.

Our China practice has been active in 2024, but the needs of clients are changing. While M&A activity has been generally subdued, we have been advising a number of clients on some large-scale disputes and regulatory investigations for their Australian operations.

Predictions for 2025

As we said in our 2024 report, for 2025, the key known is continued uncertainty.

As with the rest of the world, Australia will be riding the waves as a new American president rolls out his versions of trade and foreign policies in his own inimitable style. President Trump made it clear multiple times throughout the election campaign, this will be led by a tariffs policy, and in the early days of his administration he has been true to his word.

Additionally, we have a new set of world leaders taking positions in 2025 and some key elections ahead – Germany, Australia and Canada amongst them.

China's primary focus is on managing its positions with the USA.

China has made it clear it desires improved market access and trade with countries in Asia and with Australia. We expect to see an increased drive for overseas investment in supply chains relative to clearly identified sectors – resources, renewable energy technologies, industrial chemicals and EVs. This will likely lead to increased investment in the Middle East, Africa, LATAM and particularly, ASEAN/RCEP.

Key industry sector themes for the Australia-China relationship in 2024 and which will continue through 2025, will be resource and agricultural commodities, EV's and renewable energy, tourism and education. Ongoing interest will continue in health (life sciences) and for export to China, FMCG.

Whether rightly or not, there is still a wariness from the Chinese side on the level of receptiveness for investment in Australia which is seen as more aligned with the West.

Australia is in the enviable position of being able to trade and compete (i.e., 'China plus one') with China at the same time. Our Asian partners all aspire to take this position, and some do this whilst being feted by the USA. Australia is also capable of providing valuable assistance to Chinese investment in our neighbourhood, Asia and Pacific. The question is whether Australia proactively takes up the challenge once the initial USA –China geopolitical and trade landscape settles.

Singapore

Year in review

Following sluggish GDP growth in 2023, Singapore's economy gained momentum in 2024. 2024 also saw the end of a political era, with long-serving Prime Minister Lee Hsien Loong passing on the leadership to Lawrence Wong after two decades. However, while this baton handover has been uneventful, by contrast the Kwek family succession drama has gripped the City State. Kwek Leng Beng, the billionaire founder of City Developments (CDL), one of Singapore's largest listed developers, asked the CDL board to remove his son, Sherman Kwek, as CEO, following concerns about the strategic direction of CDL and large losses incurred under Kwek junior's watch. Kwek the elder then doubled down by issuing legal proceedings against certain board members alleging they had exceeded their powers as directors and should be restrained. After a public internecine war of words, an armistice of sorts has broken out with CDL announcing the discontinuance of Kwek senior's court action. More to follow in 2025.

ME perspectives

Our dealmakers look back on 2024

Despite a drop in overall M&A activity across Southeast Asia in 2024, Singapore remains the leading hub for M&A activity in the region, thanks to its supportive investment environment and established financial sector.

Domestic M&A surged to US$51 billion in the first nine months of 2024, up 29% from the same period in 2023, with strong deal flow in the technology and financial services industries. Notable transactions include Shell acquiring liquefied natural gas trader Pavilion Energy from Temasek, the acquisition of a US$1.5 billion portfolio of business parks and specialised facilities in Singapore by ASX listed Lendlease and US private equity giant Warburg Pincus, and the Singtel-KKR consortium agreeing to invest $1.75 billion in ST Telemedia Global Data Centres, one of Asia's biggest data centre providers. By contrast, outbound M&A was at a nine-year low.

Singapore

Singaporean investors continued to demonstrate significant interest in Australia, particularly in the student accommodation, private credit, financial services sectors. The firm advised Wee Hur on the A$1.6 billion land mark divestment, and equity reinvestment, of its State wide purpose-built student accommodation portfolio to funds managed by Greystar Australia. In December 2024, CapitaLand announced the acquisition of the property and corporate credit investment management business of Wingate, one of Australia's largest private credit managers. Singapore's Temasek invested A$300 million in Australian ETF provider Beta Shares, which is Temasek's first investment in an Australian financial services group. This trend has continued into early 2025, with the Singapore-based investment platform Syfe making a bid to buy Selfwealth, one of Australia's largest digital investing platforms, for A$56 million.

In 2024, the Singapore Government also gave the green light to Sun Cable's A$40 billion Australia-Asia Powerlink project, which should further strengthen business ties between Singapore and Australia. If it proceeds, the Australia-Asia Powerlink project will be the world's largest renewable energy and transmission project and includes a 20-gigawatt solar farm in the Northern Territory, an 800 kilometre overhead transmission line to Darwin, a high-voltage undersea cable for the 4,300 kilometre link to Singapore, and converter sites in Darwin and Singapore.

"Singaporean investors continued to demonstrate significant interest in Australia, particularly in the private credit and financial services sectors."

In early 2025, Ho Bee Land Limited, controlled by Singapore billionaire Chua Thian Poh, made an unsolicited proposal to acquire the ASX listed AV Jennings (which is controlled by another Singaporean national, Simon Cheong) in a deal which would value the company at A$391 million. A rival consortium has also submitted a proposal to acquire the company and AV Jennings remains in discussions with both bidders.

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While Singapore has positioned itself as the 'Switzerland of the East', it will not be immune from the economic effects of a US China trade war but can cushion any adverse impact with its strong relationship with Australia."

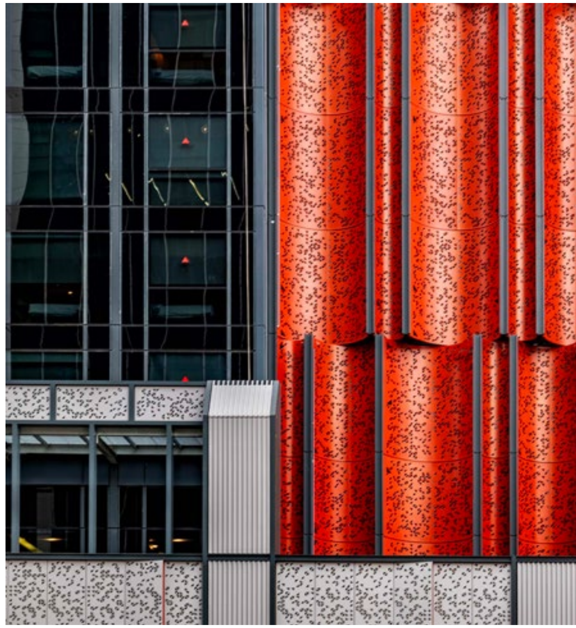
Predictions for 2025 and beyond

The geopolitical landscape remains a complex backdrop to Singapore's economic outlook, with US President Donald Trump's recent announcement of new tariffs on its largest trade partners – China, Canada and Mexico – triggering concerns of a ripple effect on Singapore's small, open economy that is primarily driven by external demand and foreign investment and where China remains Singapore's largest inbound and outbound trading partner.

While Singapore has positioned itself as the 'Switzerland of the East', it will not be immune from the economic effects of a US China trade war but can cushion any adverse impact with its strong relationship with Australia.

Notwithstanding Singapore's exposure to trade, the outlook for Singapore's manufacturing sector looks bright, particularly in semiconductors where several leading semiconductor companies have announced expansion plans, including VisionPower Semiconductor Manufacturing Company, which intends to build a US$7.8 billion semiconductor plant in Singapore.

Interest in Australian healthcare businesses from Singapore companies and funds is also expected to remain strong.



Deal Highlights

Wee Hur PBSA Master Trust A$1.6 billion sale

We advised longstanding client Wee Hur Capital Pte. Ltd. as investment manager for the Wee Hur PBSA Master Trust on the sale of its A$1.6 billion purpose-built student accommodation portfolio to funds managed by Greystar Australia and equity reinvestment by a wholly owned subsidiary of SGX listed Wee Hur Holdings Ltd. (WHH) in the Greystar Australia venture. The portfolio is owned by a joint venture established by WHH and GIC.

Bank syndicate advisory

We advised the bank syndicate on the A$900 million financing of the construction of the Chifley Tower South building opposite Singapore sovereign wealth fund GIC as the developer. The bank syndicate consisted of three Chinese and Singaporean banks, participating across three facility tranches.

The 41-storey Chifley South office building is being developed next to the 50-storey Chifley Tower and the precinct is valued at around $4 billion.

Domestic and international lenders advisory

We advised a syndicate of domestic and international lenders, including Singaporean lenders, on the A$950 million secured re-financing of a portfolio of 15 luxury hotels owned and operated by a leading Australian hotelier. The lenders comprised of one major domestic Australian bank and two Singaporean lenders. This deal is expected to have a widespread impact on Australia's tourism industry on the east coast and signifies a renewed interest in domestic and foreign investment in the hotel industry.

Freight Management acquisition financing

We advised Freight Management Holdings Pty Ltd, a subsidiary of Singapore Post Limited, on a A$330m financing in connection with its acquisition of the Border Express logistics and freight management business.

Malaysia

Year in review

2024 saw Malaysia continue to consolidate its position as a prime entry point for businesses seeking to tap into South-East Asia's growing market. Its competitive advantages arising from its mostly neutral foreign policy stance, endowment of natural resources, digital capabilities and geographical positioning have allowed it to become a key player in global value chain integration.

Prime Minister Ibrahim's official visit to Australia in early March 2024 for a round table discussion with Australian industry leaders marked a continuation of the strong investment ties between the two counties. The participation of companies such as AirTrunk, Cochlear, Resmed, Answell, Toll Group, Dexison Group, Steel Mains and Woodside Energy Group in investing into Malaysia is expected to lead to A$8 billion of in-bound investment and over 1,200 skilled jobs over the next 5 to 10 years as large Australian companies continue to expand their Malaysian operations.

While 2023 saw unprecedented and significant M&A activity by Malaysian corporates, 2024 was about integrating and consolidating those deals with new entrants exploring opportunities.

Malaysia sees opportunities in Australia as it transitions to carbon neutrality and its population continues to grow and, conversely, Australia views Malaysia as an important geopolitical partner and strategic gateway into South-East Asia.

ME perspectives

Our dealmakers look back on 2024

Strong investor confidence continued in 2024 with A$50 billion in foreign investment flowing in the first half of 2024 focussed on the manufacturing, technology, rare metals and renewables sectors.

Investment highlights for the year include Oracle's announced US$6.5 billion investment to set up its public cloud region in Malaysia. This will take the combined investment from multi-national tech firms (including Microsoft and Google) to US$16.9 billion through to 2038. These investments reflect broad international recognition of Malaysia as South-East Asia's fastest growing data centre hub due to its data security, strategic location and access to renewable energy, land and water. In July 2024, AirTrunk started operations in Malaysia, following the opening of its flagship 150 megawatt hyperscale datacentre. NextDC is also building a 65MW data centre in Kuala Lumpur.

Malaysia

Malaysia remains a top investment destination for renewable energy projects, leveraging its abundant solar and hydro resources, policy support (such as the National Renewable Energy Policy Act), and technological readiness. Continuing regional energy integration and innovation is evidenced by the opening of Malaysia's Energy Exchange which facilitates cross-border sales of hydro and solar energy from Malaysia to Thailand and Singapore.

Malaysia's capital market thrived in 2024 with Bursa Malaysia's index exceeding 1,600 points and reaching a milestone of 46 IPOs. Driven by proactive government policies aimed at attracting foreign investment and deep pools of domestic capital, Malaysia offered investors a steady pipeline of IPOs, and a more cost-effective, high-yield investment environment than its mature regional competitors such as Singapore and Hong Kong.

Large Malaysian multi-national firms such as Gamuda Berhad, are taking the next step in their Australian growth plans by targeting the large gap between current Australian renewable energy capabilities and target goals (Australia has a target of 82% by 2030, with only 39.4% of its energy requirements currently being sourced from renewables). Gamuda Berhad's Australian subsidiary, DT Infrastructure, won a A$625 million contract from Lightsource bp Renewable Energy Investments Ltd to develop the Goulburn River Solar Farm in New South Wales. This marks the first step in the execution of Gamuda's strategy to invest up to 40% of its equity in solar and wind assets and build a 1-2 GW portfolio within five years.

As high interest rates and construction costs slowed down the pace of deals in this space, Australian infrastructure and property development firms' balance sheets remain stretched and Malaysian firms stand ready to invest when opportunities arise.

Predictions for 2025 and beyond

While slower economic growth is expected in Malaysia, a range of policy developments and initiatives including the New Industrial Master Plan 2030, the National Semiconductor Strategy, the National Energy Transition Roadmap, and the Johor-Singapore Special Economic Zone should provide a resilient foundation for growth. Malaysia is also chairing ASEAN in 2025 which should provide a tailwind for intra-ASEAN trade and investment flows.

Foreign Minister Penny Wong has voiced a renewed focus to drive investment in the ASEAN region expressing concerns that Australia's share of foreign investment in South-East Asia is significantly underweight, falling to half of what it was in 2017.

With the A$2 billion South-East Asia investment financing facility recommended under the Government's *South-East Asia Economic Strategy to 2040* now operational as well as Austrade announcing their best ever year in client results in South-East Asia (with over A$1 billion in commercial outcomes), 2025 will continue to see a push from the Australian Government to deepen trade and investment ties with the region.

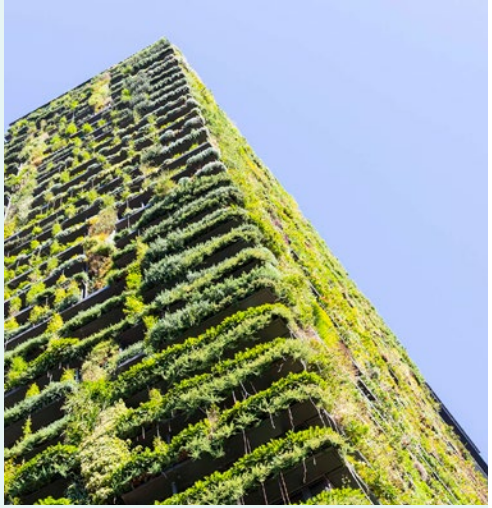
We expect an increase in deal flow in 2025 as Malaysian corporates increase their investment into Australia after a year of consolidation. Key sectors of interest remain energy and resources (renewables), infrastructure and real property.

Future Made in Australia

A bold vision for economic resilience, innovation, and sustainability

On 3 July 2024, the Australian Government introduced the Future Made in Australia Bill into Parliament. Following scrutiny by the Senate, on 6 September 2024 the Senate Economics Legislation committee released its report on the Bill. Following this report, the Bill was assented to on 10 December 2024 and is now the Future Made in Australia Act 2024.

The Act provides the legislative framework to underpin the Australian Government's 'Future Made in Australia' (FMIA) agenda, which was announced in the 2023-24 Federal Budget. The FMIA agenda aims to unlock private sector investment to build a stronger, more diversified and more resilient economy driven by renewable energy that creates secure, well-paid jobs in Australia. The FMIA agenda reflects global trends which have seen a number of other countries introduce industrial policy measures to promote 'green investment' and to build supply chain resilience, for example the US Inflation Reduction Act.



With a significant A$22.7 billion commitment over the next decade, this plan is set to support a resilient, innovative, and sustainable economy, positioning Australia as a global leader in clean energy and advanced manufacturing. The Government's strategy aims to not only respond to global challenges but also unlock new growth opportunities by harnessing private sector investment, both domestically and globally.

At the heart of the FMIA agenda is a dual focus: investment that enhances the net zero transformation as well as economic security and resilience.

Strategic initiatives

A number of strategic measures have been unveiled as part of the FMIA agenda, each designed to strengthen Australia's economic foundations and build a future-proof economy. The following may be attractive to foreign investors:

- **Battery Breakthrough Initiative:** Australia's role as a global leader in lithium production will be further bolstered with a A$523.2 million investment over seven years through the Battery Breakthrough Initiative. This initiative, which is part of the National Battery Strategy, will help manufacturers move up the battery value chain, creating new opportunities in electric vehicle production and renewable energy storage.
- **Green Metals Foundational Initiatives:** The Government is committing A$18.1 million over six years to position Australia as the world leader in the green production of iron, steel, alumina, and aluminium. This initiative aims to decarbonise Australia's metals industry, which is crucial for the nation's manufacturing and mining sectors.
- **Future Made in Innovation Fund:** A A$1.7 billion commitment over the next ten years will fund innovation, commercialisation, and early-stage development in priority sectors such as renewable hydrogen, green metals, low-carbon liquid fuels, and clean energy technology. The Future Made in Innovation Fund will be administered by the Australian Renewable Energy Agency (ARENA).
- **National Reconstruction Fund Corporation (NRFC):** To further strengthen Australia's sovereign capabilities, the NRFC will continue to invest in seven priority areas, from biotechnology to renewable energy. This fund is essential in building Australia's domestic manufacturing capabilities and creating long-term resilience across strategic industries.
- **Quantum Computing Investment:** Australia will also lead in quantum technology with a world-first investment in PsiQuantum, a company developing a utility-scale fault-tolerant quantum computer. The Government's partnership with the Queensland Government will ensure Australia stays at the cutting edge of technological innovation in this rapidly evolving field.
- **Nuclear Medicine Sovereignty:** With a A$480 million investment over nine years, the Government is seeking to enhance Australia's sovereign capability in nuclear medicine. The funding will support the establishment of a new manufacturing facility at the Australian Nuclear Science and Technology Organisation (ANSTO).

Tax incentives and financing projects

The FMIA agenda also introduces several tax incentives and financing initiatives designed to stimulate private sector investment and accelerate growth in key sectors:

- **Critical Minerals Production Tax Incentive (CMiPTI):** A A$7 billion investment over the next decade will support Australia's critical minerals industry. Starting in 2027, the CMiPTI will offer a refundable tax offset of 10% for eligible processing costs related to the 31 minerals on Australia's Critical Minerals List. This incentive is aimed at attracting investment in processing and refining, crucial steps in the supply chain for industries like electric vehicles and renewable energy systems.
- **Critical Minerals and Northern Australia Infrastructure Facilities:** The Government has already allocated substantial funding to support the development of Australia's critical minerals sector through these facilities. For example, approximately A$840 million has been advanced to |the Arafura Rare Earths Nolans Project in the Northern Territory, and A$400 million has been allocated for the Alpha High Purity Alumina Project in Queensland. These investments are intended to secure Australia's critical mineral supply chain while boosting regional development.
- **Austrade's Critical Mineral Prospectus:** Austrade's Critical Mineral Prospectus showcases over 52 advanced projects in Australia's minerals sector, highlighting investment opportunities in key resources that will drive Australia's future economic growth. With elevated global demand for clean technologies, these projects are poised to contribute significantly to the nation's long-term prosperity.

> "From a financial perspective investors have the opportunity to seek Government support where investment aligns with the FMIA agenda, which makes Australia an attractive investment destination for renewable energy and critical minerals projects."

Implications for foreign investment

The FMIA agenda presents substantial opportunities for foreign investment, particularly in sectors crucial to Australia's transition to net zero and the diversification of its critical mineral supply chains. While the Future Made in Australia Act has not amended the Foreign Acquisitions and Takeovers Act 1975 (Cth), the Foreign Investment Review Board (FIRB) is expected to take the agenda's priorities into account when advising the Treasurer on foreign investment proposals.

Currently, the FIRB process is focused on ensuring that investment into Australia does not present an unacceptable risk to the national interest (including national security). The FMIA agenda may provide an informal pathway for FIRB to prioritise and streamline those investment proposals from foreign investors which align with the FMIA agenda, in turn supporting investments.

From a financial perspective investors have the opportunity to seek Government support where investment aligns with the FMIA agenda, which makes Australia an attractive investment destination for renewable energy and critical minerals projects. As the Albanese administration rolls out detailed frameworks, investors should closely monitor funding allocations and regulatory updates to take advantage of FMIA opportunities.

Merger Reform in Australia

Australia is shifting to a mandatory merger clearance regime

Merger control will become an increasingly critical consideration in the context of inbound investment as Australia transitions to a formal mandatory and suspensory merger control regime from 1 January 2026. Investors considering M&A opportunities in Australia and those disposing of existing interests will need to understand the new process and build it into their deal plans, including for deals signing in 2025 that may not complete until 2026.

In November 2024, the Federal Parliament passed significant reforms to Australia's competition laws that will reshape merger control in Australia.

Australia is currently a relative outlier among leading antitrust jurisdictions. Acquisitions are prohibited where they have the effect or the likely effect of substantially lessening competition. However, at present, seeking clearance from the Australian Competition and Consumer Commission (ACCC) is voluntary. Most transactions are notified via an 'informal' ACCC clearance process that has no suspensory effect.

From 1 January 2026, the current voluntary process will be replaced by a mandatory and suspensory merger control regime. Where relevant acquisitions meet certain monetary thresholds, they must be notified to, and approved by, the ACCC before they can proceed. Failing to notify or obtain ACCC approval where it is required will be a material risk for the parties to the deal – it will result in the acquisition being void and other consequences may flow including substantial financial penalties.

"The reforms to merger control in Australia that will commence in 2026 will fundamentally reshape whether and how parties need to approach the ACCC for clearance and deal timelines."

Haydn Flack, Partner,
Competition & Regulatory

Key features of the incoming regime

Offshore companies that understand the new Australian merger control regime will be better placed to plan for and execute on their transaction strategies. From 2026, merger control in Australia will involve:

- A **mandatory and suspensory** regime, where a deal will be void and a risk of substantial financial penalties will arise if the parties are required to notify the ACCC and fail to do so.
- The **ACCC becoming the primary decision maker** with the ability to block transactions. This is a material change from the current enforcement model where the ACCC can only indicate that it opposes a deal. In practice, while ACCC opposition typically results in merger parties electing to not proceed with a deal, only the Federal Court has the power to prevent a transaction from proceeding.
- Greater **information and documents** will be required upfront. The current informal process provides merger parties with significant flexibility to tailor the form of their engagement with the ACCC to features and complexity of the transaction. We expect the process to become far more rigid, with merger parties required to provide certain information similar to the approach in the US and Europe.
- There will be **greater timing certainty** compared to the current regime which is a benefit to merger parties, albeit with some ability for the ACCC to 'stop the clock' on the review in some circumstances.
- Unlike the current regime where most transactions are cleared confidentially, the process will become **more public** with most deals listed on a register.
- **Filing fees** will also apply. While they are yet to be announced, they are expected to be less than fees levied by FIRB (e.g., A$50,000-A$100,000).
- Importantly, **the test applied by the ACCC will largely remain the same**, with minor changes to target transactions that 'create, strengthen or entrench' a position of substantial market power.

The goal of the reforms is to ensure the ACCC sees more deals to test for any potential competition risks.

When will notification be required?

Under the current informal clearance process, the ACCC has longstanding 'indicative thresholds' that focus on market concentration. If the parties supply substitutable or complementary goods or services and the merged entity will hold market share of 20% or greater, then the ACCC expects to be notified.

The new mandatory regime that will begin in January 2026 will, similar to Australia's foreign investment regime, operate primarily using monetary thresholds (rather than concentration triggers).

There are three key considerations that businesses party to an acquisition will need to consider when assessing if notification will be required under the incoming regime:

- *First*, whether there is a relevant change of control impacting the target business.
- *Second*, if the proposed target has a material connection to Australia (this is likely to involve regard to whether the party is carrying on, or proposing to carry on, a business in Australia).
- *Third*, whether the economy-wide monetary thresholds or additional private company or specific industry triggers are satisfied (and if any exceptions apply).

Proposed notification thresholds

The Government intends to introduce the notification thresholds by regulation. While further detail will be provided during the course of 2025 and the thresholds will be indexed, the proposed economy-wide monetary thresholds are:

- a primary threshold – combined Australian turnover of the merger parties (including the acquirer group and the target) is at least A$200 million and either:
  - at least two of the merger parties have Australian turnover of at least A$50 million; or
  - the global transaction value is at least A$250 million; or
- a threshold directed at large businesses acquiring small targets (to target so-called 'killer acquisitions' of nascent competitors) – Australian turnover of the acquirer group is at least A$500 million (making it a 'very large acquirer') and at least two merger parties have Australian turnover of at least A$10 million; or
- a threshold directed at so-called 'creeping acquisitions' – combined Australian turnover of the merger parties (including acquirer group and target) of at least A$200 million (or A$500 million if a very large acquirer) and cumulative Australian turnover from acquisitions involving the same or substitutable goods or services over the past 3 years of at least A$50 million (or A$10 million if a 'very large acquirer' is involved). A 'de minimis' exception will exclude deals where the turnover of the target is less than A$2 million has been included.

In addition to monetary thresholds, the Treasurer is also able to single out particular areas of the economy for further scrutiny. At this stage, additional targeted thresholds will apply to the following:

- Investments in some sectors regardless of value including at least companies in the pathology, oncology and liquor industries.
- Any acquisitions of 20% or more in an unlisted / private company where the monetary thresholds are met (meaning that there is no need to establish 'control').

We also expect the regime will include limited exceptions, including for some land acquisitions (e.g., land acquisitions for residential property development).

When do I need to start considering this?

Investors seeking to best position themselves for the new regime have already started to examine their deal pipelines (whether for investment or exit) in light of the merger reforms. It is important that companies take steps to prepare for changes to the merger control regime in Australia because:

- The regime will apply to acquisitions completed on and after 1 January 2026, meaning that deals which sign in 2025 but that will not complete until 2026 will be caught by the new regime.
- Transitional arrangements will allow acquisitions to be notified under the new regime from 1 July 2025. Formal notifications will likely increase in the latter months of 2025 to avoid having to transition over to the new regime for transactions where an ACCC review is still ongoing at 31 December 2025.
- Aspects of the regime are designed to target so-called 'creeping acquisitions'. Companies will need to consider similar deals completed in the past 3 years when applying the notification thresholds. This will mean that transactions that are done today may well come to the ACCC's attention later.
- These factors – particularly the 3-year 'look-back' which will allow the ACCC to have regard to past transactions – mean that some businesses are considering if there is utility in notifying unproblematic deals to the ACCC now to pro-actively engage with the ACCC as a key stakeholder looking ahead.

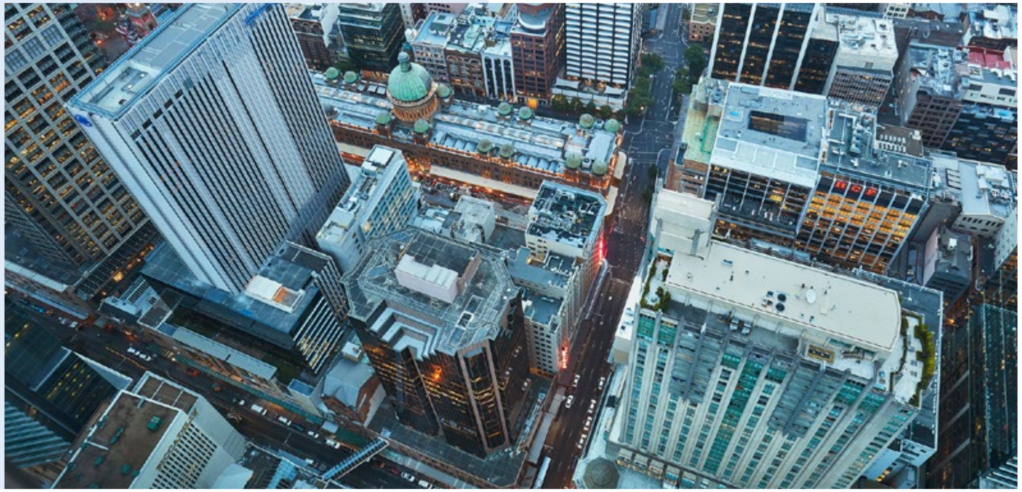
> "Offshore companies that understand the new Australian merger control regime will be better placed to plan for and execute on their transaction strategies."

Implications for investing in Australia

The reforms will elevate the significance of merger control as a key regulatory hurdle for companies that invest or are disposing of interests in Australia. The reforms will:

- require Australian merger control to be considered much earlier as a key consideration in the deal process – this mandatory regulatory hurdle will be a consideration for both the buy and sell side where the consequence of failing to notify includes the transaction being declared to be void.
- there will be added (and unavoidable) time and cost – not only for filing but also in navigating ACCC processes for deals that would currently not be notified but that will meet the monetary thresholds.
- not all investments triggering ACCC notification will require a party to obtain 'control' of the target. Companies acquiring (or exiting) smaller interests in Australian assets or businesses will need to carefully understand the notification thresholds under the regime, including control-related triggers.

Importantly, notification to the ACCC will not affect foreign investment obligations including the need to notify the Foreign Investment Review Board (FIRB) where required. At present, notification to the FIRB results in de facto ACCC notification as a result of FIRB's usual consultation processes with Government authorities including the ACCC. The fact that more buyers will need to notify the ACCC as a result of the monetary thresholds will reduce the existing asymmetry between foreign buyers (who require FIRB) and local purchasers (who, from 2026, may now need to notify the ACCC).



Merger control will become a key regulatory consideration for any acquisition with an Australian connection

Merger control will become a key regulatory step that needs to be considered for any acquisition of shares or assets with an Australian connection, even before the reforms commence in January 2026.

In recent years the ACCC has continued to closely scrutinise deals occurring in already concentrated markets. In addition, like other leading antitrust jurisdictions, the ACCC is carefully testing acquisitions by private equity houses, including the effect of roll-up strategies on competition.

In terms of merger control, companies that are considering further investments in Australia or managing an existing portfolio should be aware that:

- In the lead-up to mandatory notification, the ACCC will continue to target (and call out) deals that were not notified to the ACCC where it considers a notification should have been made. This will include transaction issues identified on exit. For example, in the context of a recent private equity exit, the ACCC took the opportunity to carefully examine acquisitions the PE vendor had made over prior years that had not been notified to the ACCC. The ACCC ultimately identified material competition concerns and a significant divestment package was offered to address those concerns.
- Like other leading merger control authorities, the ACCC is increasingly testing new and emerging 'theories of harm' in relation to mergers. Companies should take care to ensure that competition issues are properly tested to efficiently manage merger control processes and manage execution risk.

Our recent merger control experience

We advised:

Anglo America on its US$3.77bn divestment of its steelmaking portfolio to Peabody, and US$1.1bn sale of 33.3% minority stake in Jellinbah Group.

Bunge on its US$34bn agribusiness and grain handling merger with Viterra.

Adbri on its A$2.1bn acquisition by CRH.

iRobot on its proposed acquisition by Amazon.

VMWare on its US$61bn acquisition by Broadcom which was awarded GCR merger control matter of the year in 2024 (APMEA).

Neoen on its A$10bn acquisition by Brookfield.

ConocoPhilips on its acquisition of interests in APLNG.

JBS on its acquisition of agribusiness interests including Rivalea Holdings and Oxdale Dairy.

Our 2024 Asia deal highlights

Our 2024 M&A deal sheet includes advising:

Japan ❯

J-POWER on its A$381mn acquisition of 100% of the shares in ASX-listed Genex Power which implied an enterprise value of A$1bn.

Cedar Pacific on its establishment of, and investment in, a cornerstone build-to-rent fund with Sumitomo Forestry Australia as the key foundation investor.

Panasonic Connect (a subsidiary of Panasonic Group), on the Australian and New Zealand aspects of its 'visual solutions business' strategic partnership with ORIX Corporation. The transaction is valued at approximately 100bn yen (A$1.029bn).

Korea ❯

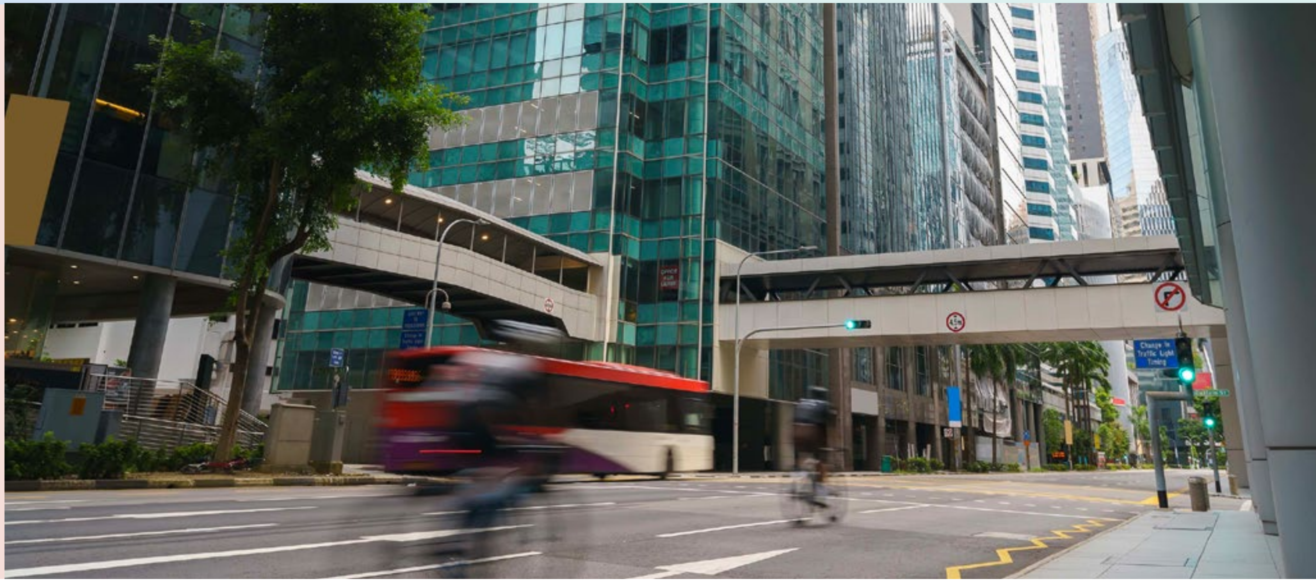
Hanwha Defense Australia for the Commonwealth's Land 400 Phase 3 (an Infantry Fighting Vehicles program worth approximately A$7bn) and the Land 8116 (a A$2bn Self-propelled artillery project).

Dongwha Enterprise on all aspects in relation to its circa A$100mn sale of 100% stake in Dongwha Australia.

Singapore ❯

Wee Hur Capital as investment manager for Wee Hur PBSA Master Trust on the sale of its A$1.6bn purpose built student accommodation portfolio to funds managed by Greystar Australia.

Freight Management Holdings on a A$330m financing in connection with its acquisition of the Border Express logistics and freight management business.



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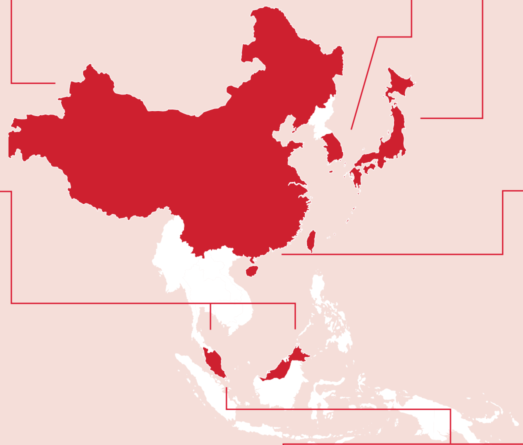

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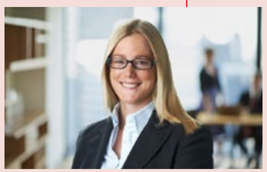

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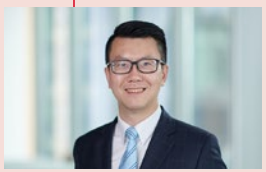

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