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Japan-Australia Investment Report 2025: Partners in Economic Security

9th Edition

Japan-Australia Investment Report 2025: Partners in Economic Security

Executive Summary

- **A record 77 M&A transactions announced and 53 partnerships formed¹** representing the fourth consecutive year of record activity involving Japanese companies.
- **Japanese foreign direct investment (FDI) stocks in Australia reached yet another record high of \$159.5 billion**, representing 12.5% of all FDI into Australia and an 11% year-on-year increase compared with 2024. Japan ranked second in terms of cumulative FDI into Australia.² Australia was the fourth-largest destination for Japanese FDI behind the United States, China and the Netherlands.³
- **Two-way trade between Australia and Japan⁴ in 2024-25** was valued at \$102.1 billion, making Japan Australia's third-largest trading partner, and second-largest export destination at \$69.7 billion.
- **A growing economy, complementarity, quality institutions – strong governance, stable government, rule of law – and proximity remain the fundamental drivers** of Japanese investment in Australia. Increasing geopolitical uncertainty has also reinforced the attractiveness of Australia as an investment destination.
- **Headwinds from regulatory complexity, low productivity growth and some skills shortages** are making Australia less attractive in the global competition for capital. Reform and bilateral cooperation with Japan will attract more investment and will be vital to securing the long-term pipeline.
- **Iron Ore, LNG and Coal remain the cornerstone of the Japan-Australia economic relationship**, underpinning Japan's power, steelmaking and manufacturing industries.
- **Australia supplies over one-third of Japan's energy needs.** With domestic energy self-sufficiency of just 16.4%, Japan relies heavily on imports from Australia, which accounts for around 39% of Japan's LNG imports and 66% of its thermal coal imports. These supplies play a critical role in "*keeping the lights on*" in Japan. LNG remains essential to achieving 2050 decarbonisation targets and ensuring affordable and reliable energy supply. Australia remains Japan's largest LNG supplier.
- **Critical minerals** sit at the intersection of national security, geopolitics, the energy transition and industrial competitiveness. Japanese investments in early-stage projects are increasing but harder to commercialise than bulk commodities and have a higher investment risk profile.
- **Defence technology and manufacturing collaboration** will accelerate the Special Strategic Partnership between Japan and Australia, with the procurement of the *Mogami*-class frigate heralding a new era of strategic and industrial engagement. Maintenance and sustainment capability and the high-level skilled labour to support the new defence manufacturing capabilities will need to be developed in Australia.
- **2026 marks the 50th anniversary of the 1976 Australia-Japan Basic Treaty of Friendship and Co-operation (NARA Treaty)** which transformed the relationship from a successful bulk commodities trade focus to a broad, diverse "Special Strategic Partnership". The Treaty fostered investment, established key institutions for trust, and elevated people-to-people ties, areas that require renewed focus.
- **Real estate is hot property** as Japanese companies continue to make new investments in commercial real estate and residential apartment and housing markets. Japanese capital and construction expertise has the potential to help alleviate the ongoing housing crisis in Australia.
- **The three Japanese megabanks SMBC, MUFG and Mizuho** now rank just behind the Big Four Australian banks in corporate and institutional lending in Australia. Life insurance and financial services continue to attract Japanese investment, supported by Australia's population growth and affluent, sophisticated consumer base.
- **Renewables and decarbonisation** continue to be supported by the Japanese and Australian Governments, financiers, credit agencies, energy companies, engineering firms, port owners, trading houses and investment funds.

¹ See Schedules 1 and 2 for the details.

² Behind the United States (\$235 billion) with the United Kingdom third (\$156 billion) and Canada fourth (\$84 billion).

³ <https://www.jetro.go.jp/en/reports/statistics.html>

⁴ <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-financial-year/latest-release>.

日豪投資レポート 2025: 経済安全保障のパートナー

概要:

- **M&A 案件の発表数は過去最高の 77 件、パートナーシップの締結は 53 件に達し⁵ 日本企業が関与した案件は 4 年連続で過去最高を記録した。**
- **豪州における日本の対外直接投資 (FDI) 残高は、過去最高の 1,595 億ドルに達し、豪州への全 FDI の 12.5% を占め、2024 年比で 11% 増加した。豪州への FDI の累積額では日本は第 2 位である。⁶ 豪州は日本の対外直接投資先としては、米国、中国、オランダに次ぎ第 4 位である。⁷**
- **2024-25 年の日豪間の二国間貿易額⁸ は 1,021 億豪ドルに達した。日本は豪州にとって第 3 位の貿易相手国であり、日本への輸出は 697 億豪ドルを記録し豪州にとって第 2 位の輸出先となった。**
- **成長する経済、相互補完性、質の高い制度 (強固なガバナンス、安定した政府、法の支配) および地理的近接性は、依然として日本による豪州への投資の根本的な原動力となっている。地政学的な不確実性の高まりもまた、投資先としての豪州の魅力を支えている。**
- **規制の複雑さ、生産性向上の鈍化、一部の技能不足といった逆風により、資本をめぐる世界的な競争において豪州の魅力は低下しつつある。改革と日本との二国間協力が、さらなる投資を呼び込み、長期的な投資パイプラインを確保する上で不可欠である。**
- **鉄鉱石、LNG、石炭は、日本の電力、製鉄、製造業を支える基盤であり、引き続き日豪経済関係の礎である。**
- **豪州は、日本のエネルギー需要の 3 分の 1 以上を供給している。国内エネルギー自給率がわずか 16.4% である日本は、豪州からの輸入に大きく依存しており、豪州からの輸入は日本の LNG 輸入の約 39%、一般炭輸入の 66% を占めている。これらの供給は、日本における「電力供給の維持」において極めて重要な役割を果たしている。LNG は、2050 年の脱炭素化目標の達成と、手頃で信頼性の高いエネルギー供給の確保に依然として不可欠である。豪州は依然として日本にとって最大の LNG 供給国である。**
- **重要鉱物は、国家安全保障、地政学、エネルギー移行、産業競争力の交差点に位置している。日本による初期段階のプロジェクトへの投資は増加しているものの、バルクコモディティに比べて商業化が難しく、投資リスクも高い。**
- **防衛技術および製造分野での協力は、日本と豪州の「特別な戦略的パートナーシップ」を加速させるものであり、もがみ型護衛艦の調達は、戦略的・産業的連携の新たな時代の幕開けとなる。豪州では、新たな防衛製造能力を支えるための整備・維持能力および高度な技能を持つ人材の育成が必要である。**
- **2026 年は、1976 年の「日豪友好協力基本条約 (NARA 条約)」締結から 50 周年にあたる。同条約は、両国関係をバルクコモディティ貿易中心の良好な関係から、広範かつ多様な「特別な戦略的パートナーシップ」へと転換させた。同条約は投資を促進し、信頼の基盤となる重要な枠組みを確立し、人的交流を深化させたが、これらの分野には改めて注力する必要がある。**
- **日本企業は商業用不動産、住宅用マンション、戸建て住宅市場への新規投資を継続しており、不動産は注目の的となっている。日本の資本と建設ノウハウは、豪州で続いている住宅危機の緩和に寄与する可能性がある。**
- **日本の 3 大メガバンクである SMBC、MUFG、みずほは、豪州における法人・機関投資家向け融資において、豪州のビッグ 4 銀行に次ぐ地位を占めている。生命保険および金融サービスは、豪州の人口増加と、富裕層かつ洗練された消費者層に支えられ、引き続き日本の投資を呼び込んでいる。**
- **再生可能エネルギーと脱炭素化は引き続き、日豪両国政府、金融機関、信用格付け機関、エネルギー企業、エンジニアリング会社、港湾運営会社、商社、投資ファンドに支えられている。**

レポートをダウンロード:

<https://www.hsfkramer.com/ja/insights/2026-04/japan-australia-investment-report-2025>



⁵ 詳細は別紙 1 および 2 を参照。

⁶ 米国 (2,350 億ドル) に次ぎ、英国が 3 位 (1,560 億ドル)、カナダが 4 位 (840 億ドル)。

⁷ <https://www.jetro.go.jp/en/reports/statistics.html>

⁸ <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-financial-year/latest-release>。

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Authors – Ian Williams, Shiro Armstrong and Hamish Brookes



Ian Williams
Senior Adviser
Herbert Smith Freehills Kramer
M +61 427 878 861
ian.williams@hsfkramer.com



Prof Shiro Armstrong
Director
Australia-Japan Research Centre
The Australian National University
M +61 438 445 776
shiro.armstrong@anu.edu.au



Hamish Brookes⁹
PhD Candidate
Australia-Japan Research Centre
The Australian National University
M +61 481 541 751
hamish.brookes@anu.edu.au

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Herbert Smith Freehills Kramer

Herbert Smith Freehills Kramer is a leading global law firm bringing together the best people across our 26 offices in Asia Pacific (including Japan), Australia, Europe, and the Middle East, to meet clients' legal services needs globally. We are the largest law firm in Australia and are consistently ranked No.1 in M&A, both in number of deals advised and value of deals.

Our Australia Japan Practice is a unique team of experienced bilingual and bicultural lawyers, specialising in advising Japanese businesses on their investments and operations in Australia. Herbert Smith Freehills Kramer's team has more experience advising Japanese businesses on Australian investments than any other law firm.

Australia-Japan Research Centre (AJRC)

The Australia-Japan Research Centre (AJRC) at the Crawford School of Public Policy at The Australian National University is the centre of research, teaching and policy engagement on the Japanese economy in Australia. AJRC also conducts research to better understand the Australia-Japan relationship and their place in the Asia Pacific economy. Established in 1980 with support from the governments and business communities in both Australia and Japan, our research encompasses trade, energy, finance, macroeconomics, as well as international economic relations.

⁹ Current holder of the "Australia-Japan Business Scholarship" sponsored by Ian Williams, Principal, IMW Advisory.

Acknowledgement of contributors

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- Woodside Energy
- Yandina

Most notable M&A transactions involving Japanese companies in 2025

Acquisitions

- **Mitsui & Co.'s** acquisition of a 40% interest in the Rio Tinto-operated Rhodes Ridge iron ore project in Western Australia for US\$5.34 billion.¹⁰
- **ITOCHU's** (8%) and **Mitsui's** (7%) acquisition from BHP of indirect interests in the Ministers North iron ore deposit in Western Australia.
- **Nippon Steel's** (20%) and **JFE Steel's** (10%) aggregated US\$1.08 billion acquisition of interests in the Blackwater metallurgical coal mine from Whitehaven Coal (**JBIC** supported).
- **Sumitomo Metal Mining's** investment in the Winu Copper-Gold Project via a staged earn-in, acquiring a 30% project interest from Rio Tinto for \$195 million plus \$235.4 million in deferred payments contingent on future milestones.
- **JX Advanced Metals'** and **Marubeni's** staged investment in RZ Resources' Copi mineral sands project, with **JX Advanced Metals** investing \$20 million in equity plus \$5 million in convertible funding, and **Marubeni** contributing \$15 million for marketing rights and the right to increase its equity interest to up to 5%.
- **Sojitz's** acquisition of Lendlease's 70% shareholding in infrastructure developer Capella Capital (and its associated platform), with Sojitz announcing total investment of \$470 million, including acquisition consideration and additional capital commitments.
- **Sojitz's** acquisition of a 50% shareholding in UGL Transport from CIMIC for \$500 million.
- **Daibiru's** acquisition of 135 King Street (A-grade office + retail complex) in Sydney CBD for more than \$600 million.
- **MIXI Australia's** acquisition of a 66.43% controlling shareholding in ASX-listed PointsBet through a \$1.25 per share off-market takeover bid.
- **Marubeni/Haseko/Mizuho Leasing's** investment in the \$600 million District Living build-to-rent (BTR) project in Melbourne being developed by AsheMorgan.
- **Aravest's** (Japanese investor consortium supported by **Sumitomo Mitsui Finance and Leasing**) acquisition of 50% of the Central Plaza 1 office building in Brisbane for over \$200 million.
- **Nippon Sanso's** \$770 million acquisition of the Coregas industrial gas business from Wesfarmers, supported by **JBIC**.
- **Mitsubishi Corporation** established a strategic partnership with ASX-listed Eagers Automotive through a \$50 million equity investment via newly issued shares, alongside the acquisition of a 20% shareholding in Eagers' easyauto123 used-vehicle platform (including an indirect interest in Carlins Automotive Auctioneers).
- **Mitsubishi Motors'** acquisition of additional shares in ASX-listed fleet leasing company FleetPartners to increase its shareholding from 5.01% to 19.93%.
- **Dai-ichi Life's** Australian subsidiary TAL's acquisition of a 19.9% shareholding in ASX-listed Challenger, comprising the purchase of **MS&AD's** 15.1% shareholding for ¥80 billion¹¹ (April 2025) and the subsequent on-market acquisition of a further 4.8% shareholding in mid-2025.
- **Nippon Life's** \$500 million acquisition of NAB's remaining 20% shareholding in MLC Life, along with its US\$8.2 billion merger with Bermuda-based Resolution Life (which included Resolution Life's Australian business). The new combined business has been rebranded as "Acenda".

Significant Strategic Development

Mogami-class Frigate Program

Prime contractor: **Mitsubishi Heavy Industries (MHI)**

Announcement: August 2025

Program value: Estimated ~\$10 billion

Scope: 11 frigates for the Royal Australian Navy

Delivery: Starting in 2030

Construction model

- 3 vessels built in Japan
- 8 vessels intended to be built in Western Australia

Strategic significance

- Japan's first export of a major weapons platform
- Largest-ever Japanese defence deal
- Strengthens the strategic "quasi-ally" relationship

¹⁰ Reflecting US dollar-based global pricing of iron ore.

¹¹ Approximately \$880 million based on AUD/JPY exchange rates prevailing at the time of announcement.

Divestments

- **Marubeni's** sale of Rangers Valley (grain-fed beef and feedlot business) to Stanbroke for approximately \$400 million as part of portfolio recycling under its mid-term strategy.
- **Marubeni's** agreement (alongside SAS Trustee Corporation and APA Group) to sell its 40% interest in the Allgas Energy gas distribution business (expected to complete in 2026).
- **Mitsui & Co.'s** divestment of its interest in the Offshore Otway Basin joint ventures (including Athena Gas Plant).
- **Chugoku Electric Power's** sale of its 10% participating interest in the Boggabri Thermal Coal Project to **Idemitsu**.
- **Oji Holdings'** divestment of its Australian corrugated packaging operations (Oji Fibre Solutions) to the Abbe Group.
- **MS&AD's** sale of its 15.1% shareholding in ASX-listed Challenger to **Dai-ichi Life's** Australian subsidiary TAL.
- **Iwatani, Marubeni and Kansai Electric's** withdrawal from the CQ-H2 green hydrogen project in Queensland.

New Market Entry

- **Saizeriya's** establishment of Australia Saizeriya Restaurant as a wholly-owned subsidiary ahead of its planned first Australian store opening in Melbourne in 2026.
- **Kyoto Katsugyu Corporation's** entry into Australia through the opening of a Sydney restaurant, extending its international footprint to a ninth country.
- **Tokyo Lifestyle's** establishment of TOKYO LIFESTYLE PTY LTD to support entry into the Australian retail market for Japanese beauty, health and lifestyle products via a joint venture structure.
- **Isuzu Motors'** establishment of Isuzu Financial Services Australia Pty Ltd, its first leasing company outside Japan, capitalised at \$50 million in partnership with **Tokyo Century Corporation**.
- **Data Section's** entry into Australia through facility agreements to develop AI data centre capacity in Sydney, with initial deployment by 2026.
- **Shibataya Holdings'** establishment of a Melbourne branch office to support wholesale distribution of Japanese sake and alcohol, representing its fourth overseas location after Bangkok, Milan and Seoul.
- **Kawai Australia's** transition to direct retail through the opening of its first company-owned Australian showroom in Brisbane, shifting from a historic wholesale-only model.
- **Hiro Ginza's** establishment of an Australian subsidiary prior to opening its first premier Japanese barber shop.

Japan-Australia M&A transactions 2017-2025
(acquisitions and divestments)



*Japanese to Japanese transactions are included as both an acquisition and a divestment.

Review of transactions

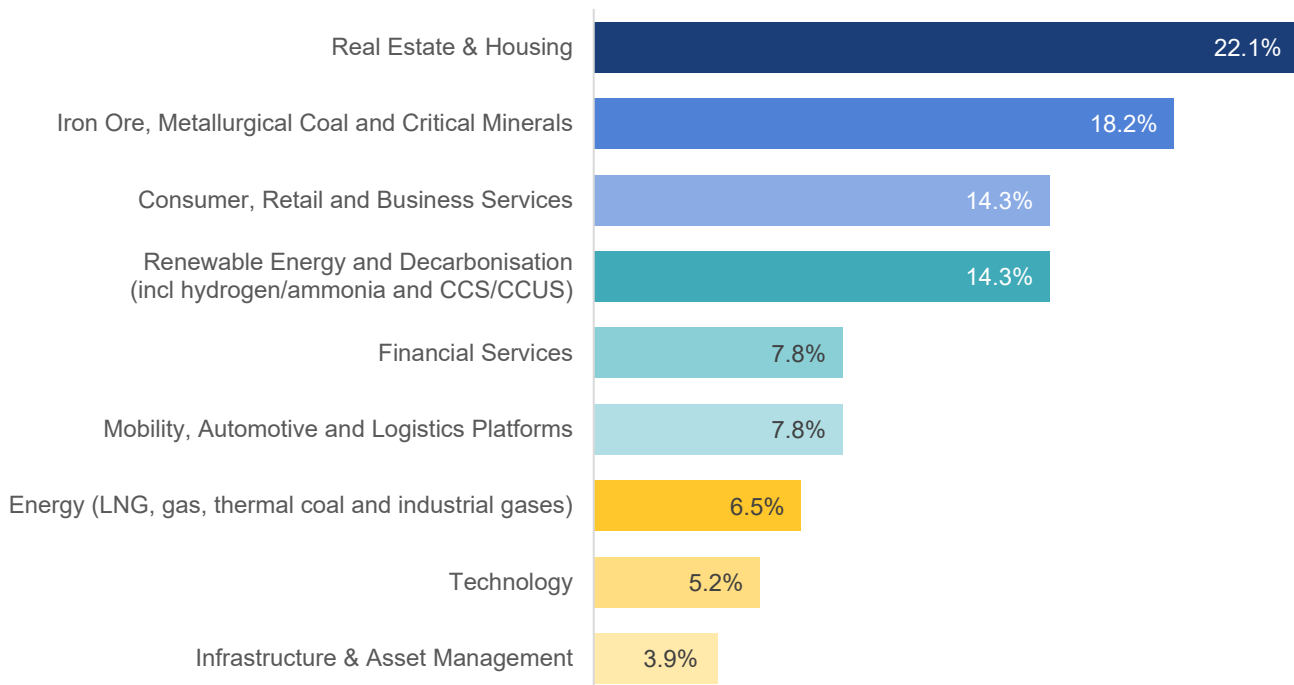
In 2025 there were:

- A record number of deals, investment value and cumulative investment.
- 77 M&A transactions involving Australian targets, which follows on from a record year in 2024 (72 transactions).
- 53 new partnerships (2024: 55 partnerships); making more than 250 partnerships since 2019.

Of the 77 Japanese M&A transactions/investments identified, there have been:

- 69 acquisitions and 8 divestments.
- 17 new entrants to the Australian market.
- 17 transactions in Real Estate & Housing.
- 14 transactions in Iron Ore, Metallurgical Coal and Critical Minerals.
- 11 transactions in Consumer, Retail and Business Services.
- 11 transactions in Renewable Energy and Decarbonisation (including hydrogen/ammonia and CCS/CCUS).
- 6 transactions in Financial Services.
- 6 transactions in Mobility, Automotive & Logistics Platforms.
- 5 transactions in Energy (LNG, gas, thermal coal and industrial gases).
- 4 transactions in Technology.
- 3 transactions in Infrastructure.

2025 Transactions by sector



2025 Overview – Partners in Economic Security

Japan and Australia's relationship has long evolved beyond its traditional strength in energy and mineral resources and is now built on broader economic security, combining strategic alignment and economic complementarity. Our principal observations for 2025 focus on three areas:

- the state of the investment market and broader geopolitical climate,
- the ways Japanese companies are investing in Australia, and
- the key sectors attracting attention.

Japanese investment and M&A activity in Australia once again set records in 2025:

- 77 M&A transactions (69 investments, up from 62; and 8 divestments, down from 10 in 2024)
- 53 new partnerships
- Highest cumulative foreign direct investment.¹²
- Largest ever global investment by **Mitsui & Co.** (US\$5.34 billion).

The Japanese and Australian economies are highly complementary. Japan's successful industrialisation and innovation, limited natural resources, high domestic savings and shrinking population are well matched with Australia's growing population, rich natural resources and need for capital. The fundamentals of complementarity, proximity and quality institutions such as strong governance, stable government and rule of law, have long been drivers of Japanese investment in Australia. Japanese domestic demand has been shifting in both composition and volume, leaving more Japanese companies looking abroad for growth. Decades of Japanese investment abroad have made Japan one of the world's largest net holders of foreign assets.¹³

In an increasingly uncertain global environment, marked by disruptive US tariffs, strategic competition between China and the United States, war, and persistent geopolitical instability, Australia stands out as a lower-risk, higher-reward market for Japanese firms. Australia's secure investment profile continues to underpin the relationship and investments.

At the same time, there is growing international competition for capital increasing the pressure on Australia to remain an attractive and predictable destination for Japanese investment. Remaining competitive will require Australia to reduce uncertainty in its investment environment to remain a key destination for new Japanese investment.

While the current global political environment serves to counter some of the headwinds affecting the attractiveness of the Australian investment market, regulatory complexity, stagnant productivity and skills shortages are making Australia less attractive as an investment destination. Japanese investors have preferred brownfield investments (existing assets or projects) to greenfield investments (newly developed projects) because of the risks and difficulties associated with approvals and development timelines. There are some different policy and commercial priorities and expectations between Australia and Japan, for example around the role of LNG and carbon capture and storage (CCS) in the energy transition. Reducing uncertainty with reform, and deepening bilateral cooperation with Japan is needed to attract more new investment.

77
M&A
transactions

53
New
partnerships

\$159.5B
Record
FDI stock

US\$5.34B
Mitsui & Co.
Largest ever
global investment

¹² \$159.5 billion (12.5% of total) cumulative foreign direct investment from Japan as at 31 December 2024, Australian Bureau of Statistics (2025).

¹³ Net foreign assets (NFA) refers to the value of the assets held by a nation abroad minus the assets in the nation owned by the foreigners.

Australia-Japan relationship

The year 2026 marks the 50th anniversary of the signing of the pioneering and transformational Basic Treaty of Friendship and Co-operation between Australia and Japan, sometimes called the Nippon-Australia Relations Agreement (NARA) Treaty. The Treaty formed the basis for the evolution of the Australia-Japan economic relationship from one mostly defined by the commodities trade to the broader, more diverse relationship it is today. The Treaty opened up the investment relationship, giving Japan equal best access to Australia's investment market, helping build today's commercially and strategically important economic partnership, and established the institutions that have helped deepen trust crucial to the "Special Strategic Partnership" between the two countries.

The Australia-Japan relationship rests on three enduring pillars:

- a strong and dynamic economic relationship;
- people-to-people connections; and
- a shared commitment to preserving a stable, open, and rules-based order.

As **global power structures** shift toward multipolarity, the framework underpinning the rules-based international order faces mounting challenges, with implications for both nations' security and prosperity. With a strong track record of building regional institutions and trade architecture, and a shared stake in managing the tensions between the major powers, Australia and Japan are well placed to lead the necessary cooperative responses to these circumstances regionally. Energy and minerals remain the cornerstone of economic ties between the two nations. Critical minerals are also now assuming greater importance for Australia and Japan in global efforts towards decarbonisation and have increasingly come under the focus of economic security policies.

Investment momentum continues with more deals than in our 2024 Report, *Record-Breaking Investment*. Yet the large number of transactions should not obscure the challenges restraining a broader and deeper investment relationship. The fundamentals and positive factors identified in this report suggest there is potential for even greater investment. While the investment figures are impressive, it has become increasingly important to ask where capital is flowing, what it is creating and what is holding it back. As we describe in the Headwinds section of the report, it appears that there are significant barriers that both slow investment and affect its composition. The headwinds are not unique to Japanese investors in Australia, and Japan's status as a trusted partner positions it well compared to other sources of capital.

Some of the **trade policy uncertainty** Japan faced in 2025, including its companies investing abroad, was reduced at significant cost. Japan negotiated a deal with the Trump Administration in mid-2025 that capped the so-called "reciprocal tariff" at 15% on Japanese goods entering the US market and committed Japan to a US\$550 billion investment and financing mechanism aligned with priority sectors identified by the US President and his administration. The terms that Japan accepted were extraordinary. The US Supreme Court has since struck down the validity of those US tariffs, but US pressure to retain them remains. Continued geopolitical uncertainty is expected to channel further Japanese investment toward Australia, but Australia is not the only country competing for Japanese capital.

There are some **sources of stability** in the sea of uncertainty. Japan enters 2026 with a government that has a strong mandate and a wide-ranging economic security agenda. The record-breaking electoral victory of Prime Minister Sanae Takaichi in early February 2026, winning 316 out of 465 seats, secured the Liberal Democratic Party (LDP) the largest seat total by a single party in post-war Japan's parliamentary history. The LDP is the first single party to win a supermajority (two-thirds of all seats) in the Lower House of the Japanese Diet since the end of World War II. This means the party can govern, pass legislation the Upper House votes against, even without the support of coalition partner Japan Innovation Party (*Ishin no Kai*). Takaichi's Growth Strategy, which promises significant state support to boost investment in 17 strategic 'economic security' sectors announced in November 2025, reveals further opportunities for cooperation between Japan and Australia.

With **political stability** reestablished in Japan and continuing political stability in Australia, there is an opportunity to further develop the bilateral relationship.

The **50th anniversary of the NARA Treaty** is an opportunity to forge even closer economic and institutional ties that can provide the ballast needed to sustain the growing defence and strategic relationship. That means building on the main achievements of the NARA Treaty by elevating the investment relationship and investing in the institutions and people-to-people ties that deepen trust and understanding between the two countries.

The new era of economic security

Countries are prioritising economic security as they face major supply chain disruptions driven by war, the COVID-19 pandemic, and accelerating climate change, combined with the return of strategic competition and the weaponisation of trade. New policy frameworks have been introduced to enhance economic and supply chain resilience. Japan has been a global frontrunner in this shift, and created a Minister of State for Economic Security portfolio in 2021. These new policies seek to reduce exposure and vulnerability to global shocks, often requiring governments and businesses to accept less efficiency for greater resilience.

Australia and Japan are pursuing economic security through different but overlapping approaches. Australia's economic security policies aim to achieve the **net-zero transition & economic resilience** while Japan's strategy centres on **strategic autonomy & strategic indispensability**. Both risk over-securitisation of economic strategies and may cause collateral damage to broader economic ties and openness. Joint development of an understanding of what is the red line between sensible economic security and protectionism will be important for prosperity and security.

Energy security has long been central to Japan's approach to economic security, and much of that security has come from Australia as a reliable energy and resources supplier. This trade was underwritten by the open, rules-based international order. In the new era where governments are pursuing economic security and supply chain resilience, international markets will remain crucial and Australia and Japan will be even more important to each other.

This shift is visible in the 2025 transaction activity we reviewed, with Japanese investors continuing to deploy large-scale capital into Australia:

- Doubling down on upstream security-of-supply in Australia via large minority interests in tier-one assets, rather than controlling acquisitions.
- Targeting demographic-aligned, long-duration cashflow sectors (retirement income and life insurance), using a mix of controlling platforms and strategic minority interests where partner alignment or regulatory simplicity is a priority.
- Japanese investment is also rotating into defensive real assets (A-grade office/logistics), often supported by lower-cost capital and a preference for stabilised yields.
- Closer alignment and cooperation on critical minerals, defence procurement and tech and space.

Evolving economic security policies will increasingly shape bilateral investment flows, deal structures and regulatory risk across the Australia-Japan economic relationship.

The Iran conflict in the Middle East from early 2026 underscores how acute Japan's energy security vulnerability remains. Oil accounts for 35% of Japan's energy consumption, and around 95% of its crude oil imports originate from the Middle East. This underlying vulnerability continues to reinforce the strategic value Japan places on its economic relationship with Australia, a major energy supplier with shorter, more secure supply routes.

“Energy security has long been central to Japan's approach to economic security, and much of that security has come from Australia as a reliable energy and resources supplier.”

Underlying drivers of Japanese investment in Australia

The Australian market and developments in the investment relationship

The Australian domestic market fundamentals remain very attractive

Australia enjoys GDP growth of around 2.1% per year,¹⁴ an educated and ethnically diverse population growing by about 1.5% annually through net positive immigration,¹⁵ and two global cities with a population of more than 5 million in Sydney and Melbourne.¹⁶

Younger, skilled and educated migrants bolster Australia's demographics while its household income and wealth levels, which are about double those of Japan on average, fuel consumer spending. Australia ranks second globally in median wealth per adult, at approximately US\$268,000 (roughly \$413,000) and average household net worth sits at roughly \$1.66 million, both measures approximately double those of Japan.

Due to the presence of a significant number of oligopolies and duopolies in many sectors, Australia offers relatively high-margin and less competitive markets than Japan or the US. Australia also has an English-speaking population, rule of law, political stability and time zones similar to Japan. These features make Australia more important as an investment destination in the face of global uncertainty.

Japanese financing brings Australia prosperity

In addition to significant foreign direct investment, the debt funding provided by the three Japanese megabanks **SMBC**, **Mizuho** and **MUFG**, alongside **Norinchukin** and government-backed institutions such as **JBIC**, **JOGMEC** and **NEDO**, has been critical to enabling major Australian projects. This patient, long-duration capital has supported infrastructure, energy and resource development that might otherwise have struggled to secure financing at scale or on competitive terms. Japan's policy-backed financing is supported by institutions such as NEXI, which provides trade and investment insurance, and JOIN, which supports strategic infrastructure and urban development investment.

Continued sector diversification

Japanese investment in Australia now extends beyond traditional sectors like minerals, energy and agriculture, into real estate, life insurance, financial services, technology and pharmaceuticals and healthcare. 2025 saw a slight moderation in the pace of diversification that has been observed in recent editions of this report. Investment activity during 2025 was more concentrated in established or strategically critical sectors, reflecting a more disciplined capital allocation environment, with Japanese investors prioritising resilience and familiarity over expansion into newer or emerging market segments.

Greenfield versus Brownfield

Existing businesses or projects with established or long-dated approvals continue to be preferred over greenfield developments. While rising construction costs remain a factor, the preference increasingly reflects concerns about approval timelines, policy durability and litigation risk. In particular, the dual Federal and State/Territory approvals framework continues to create timing uncertainty, even where sovereign risk is otherwise regarded as low by Japanese investors relative to other markets. This has reinforced a bias toward brownfield expansion or participation in operating assets, where regulatory pathways are clearer and project risk is more manageable. This is compounded where there is a lack of bipartisan support or consistency in policy approach.

¹⁴ 3-year average growth rate 2022-2025, Australian Bureau of Statistics.

¹⁵ Australian Bureau of Statistics (2024).

¹⁶ A population of 10,000,000 is needed to be considered a megacity.

Headwinds (逆風 (Gyakufu))

While fundamentals are driving increased Japanese investment in Australia, headwinds remain. These include concerns expressed by major Australian companies and other foreign investors and include inconsistent policy settings and limited coordination between Federal and State/Territory governments on energy and climate policy. This is compounded by persistently high labour costs and rising unit labour costs, driven by low (or zero) productivity growth, sector-specific labour shortages and workplace settings that increase costs and reduce flexibility. Across these issues, the most commercially important issue for most projects is time: delays materially erode project value, particularly for capital-intensive greenfield investments and energy-transition projects where cost escalation and schedule slippage quickly undermine the economic viability of the project.

Approvals and project delivery timeframes

The number one issue raised by Japanese investors (and leading Australian companies) is the approvals process.¹⁷ Investors emphasise:

- uncertainty around the timing of decisions, often compounded by protracted legal challenges (“lawfare”) by environmental groups.
- uncertainty as to whether approvals will ultimately be granted.
- uncertainty regarding approval conditions that may delay projects or adversely affect their commercial viability.

The approval in September 2025 of the extension of the North West Shelf Project (NWS) to 2070 illustrates these challenges. Although the NWS has operated since 1984, the extension process took 7 years and resulted in approval subject to 50 strict conditions, including emissions reduction requirements by 2030 and net-zero targets by 2050, which will materially impact project value.

Energy costs and transition policy

Energy is a core input to economic activity, and energy is expensive in Australia by international standards.

- While Australia’s strength in LNG and thermal coal remains material, investors increasingly benchmark Australia’s transition proposition – renewables, transmission, storage and hydrogen pathways – against jurisdictions with more supportive policy settings and clearer approvals processes.
- A consistent concern is the perception of insufficient “energy pragmatism”: a tendency toward a “clean and green only” framing rather than recognition that multiple and different transition pathways will be required, including transitional fuels and a realistic approach to hydrogen.

- Several investors also cautioned against assuming that legacy joint-venture models from the traditional mining and resources era will translate seamlessly into new-energy partnerships, which often involve different risk allocations, offtake structures and policy dependencies.
- Reliance on ad hoc taxpayer subsidies, rather than durable economy-wide incentives (including carbon pricing mechanisms), increases policy risk and reduces confidence in long-term returns.

Investment competitiveness

Other issues raised include Queensland’s increase in coal royalty rates (introduced without industry consultation in 2022), rising FIRB and ACCC fees, foreign purchaser stamp duty surcharges affecting residential land acquisitions, and the risk of future domestic gas reservation or pricing interventions on the East Coast. OECD’s “FDI Regulatory Restrictiveness Index” (2024) ranked Australia as having the most restrictive foreign direct investment regulations among developed economies.¹⁸

- Feedback from Japanese investors suggests that Australia was historically viewed as a very low-risk, medium-return investment destination, but is now increasingly perceived as offering low-to-medium risk and low-to-medium returns. While such concerns are rarely expressed publicly, capital allocation decisions reflect this shift in perception, with recent investment flows – across LNG, critical minerals, clean energy and manufacturing – increasingly directed towards alternative jurisdictions including the United States, Canada and the Middle East (Qatar and the UAE). These developments serve as a reminder for policymakers of the importance of maintaining Australia’s competitiveness as a destination for long-term investment.

A consistent theme raised by Japanese executives, Australian professional service providers and several senior Japan-Australia executives was the significant number of potential investments that did not proceed during 2025, due to:

- the failure to obtain final internal investment committee approval, where risk-return profiles were less attractive than other opportunities; or
- competitive sale processes moving too quickly for Japanese bidders, particularly in light of Australia’s expanding regulatory environment (including FIRB, SOCI, ACCC, APRA and ASIC) which requires additional time for assessment and makes it difficult to meet seller-imposed transaction timelines.

¹⁷ See, for example, comments by Bran Black, Chief Executive of the Business Council of Australia, calling for reforms to streamline and accelerate Australia’s approvals system: Business Council of Australia, “*Business Council says environmental approvals reform needed but warns key changes are critical to success*” (Media Release, 30 October 2025).

¹⁸ <https://www.oecd.org/en/topics/sub-issues/sustainable-investment/fdi-regulatory-restrictiveness-index.html>

Changes in the Japanese economy

Depreciation of the yen against the US dollar to the lowest level in 35 years has made investment in Japan much more attractive, and private equity and investment funds have been incredibly active. The Australian dollar has regained some of its strength against the US dollar making Japanese investment in Australia look relatively more expensive but strengthens the purchasing power of Australian consumers for Japanese retailers. Most Japanese companies are also able to borrow in Australian dollars for acquisitions in Australia which reduces currency risk for the debt component of investments. The equity portion is still subject to currency risk. Energy and minerals being priced in US dollars has greatly increased production costs and the cost of living (outpacing some modest increase in salaries) in Japan.

More M&A deals than ever in Japan as it becomes a more attractive investment destination. Foreign private equity and venture capital funds are significantly more active, with several recent take-private transactions and contested buyouts involving major Japanese listed companies. Strategic take-privates have also accelerated. As Japan bursts at the seams with tourism, foreign operators are increasing their presence due to reforms in Japan and the weak yen. Many large investors are taking higher shareholdings in major Japanese companies that have undervalued assets like real estate on their books.

Corporate Governance reforms are improving financial performance and dynamism. Measures include the adoption and subsequent revisions of the Stewardship Code and Corporate Governance Code, which promote greater board independence, diversity and accountability to shareholders. These reforms aim to make boards more accountable to, and increase alignment with, shareholders. The improved financial reporting, capital management and governance have led to better performance results.

Cash on balance sheets in Japan remains very high despite increased capital expenditure. Japanese non-financial corporations held ¥301 trillion (\$3 trillion) in cash and deposits and ¥637.5 trillion in cumulative retained earnings at the end of FY2024.¹⁹ Cash holdings declined slightly compared with 2023, despite record profits of ¥114.7 trillion. This suggests reforms are taking effect and Japanese firms are deploying capital more actively rather than continuing to accumulate cash balances. Capital expenditure increased by 7.9% in FY2024.

Increased Defence spending, doubling over 5 years to 2% of GDP by 2027 due to pressure from the United States and the geopolitical realities. Spending is diverting the available government funds and putting pressure on bond yields (cost of borrowing for the government) given the level of public debt.

“Responsible fiscal expansion” is a major policy strategy for Prime Minister Takaichi, aiming to boost investment and grow the economy. Government debt as a share of GDP is still the highest in the world but has fallen from over 250% to 230% of GDP in the past few years due to inflation. Additional government spending at “full employment” (inflation is at around the Bank of Japan’s target 2%) could put further upward pressure on prices. Servicing the public debt now costs the government about one-quarter of the budget.

Japan’s population is both shrinking and aging rapidly. After peaking in 2008, the population has been declining, recently by more than 900,000 people per year, and could fall by as much as one-third by 2060, from around 123 million to about 87 million. Japan is now a super-aged society, with nearly 100,000 centenarians (99,763) and roughly one in ten people aged over 80. More than 28% of the population is already aged over 65, giving Japan the third “oldest” population globally and the oldest among G20 countries.²⁰ This share is projected to rise to around 40% by 2060, with one-third of the population expected to be over the age of 65 by 2036.

Japan now has 3.95 million foreign nationals living in Japan and 2.57 million foreign workers, making up 3.21% of the population and 3.7% of the workforce, reflecting a gradual but significant increase in reliance on foreign labour to offset demographic decline.

Japan’s net foreign assets hit a record high for the sixth straight year, but after 34 years as the world’s largest holder it was overtaken by Germany. Japan's net external assets rose to a record ¥533.1 trillion (US\$3.73 trillion) in 2024, according to the latest available data. Gross external assets grew to ¥1,659 trillion.

¹⁹ Ministry of Finance, Japan: "Financial Statements Statistics of Corporations by Industry, Annually", FY2024

²⁰ OECD, Demographic trends and projections for Japan (OECD Data / Population statistics).

Japan is the world's 4th largest economy, behind the United States, China and Germany. The IMF predicts that in 2026 India will overtake Japan as the world's fourth largest economy. Interestingly, per capita GDP has increased in Japan as the population decreased.

Nikkei 225 hit an all-time intraday high of 59,332 in February 2026. By comparison, the intraday high during the "Bubble Economy" was 38,957.44 on 29 December 1989 and a post-bubble intraday low of 6,994 was on 28 October 2008.

Foreign (mainly US) institutional Investors now comprise 30% of the shareholders in the Nikkei 225. These investors are looking for both capital growth and shareholder returns (through dividends and buybacks) which is driving M&A activity in Japan and overseas. A 2025 survey of over 100 Japanese corporations found that 60% now expect overseas deals to account for the majority of their M&A activity.²¹

Tokyo Stock Exchange listing rule criteria tightening has required listed companies to review and improve capital efficiency, as measured by return on equity (ROE) and return on invested capital (ROIC), and take "action to implement management that is conscious of the cost of capital and stock price." Companies must also focus on achieving sustainable growth and increasing corporate value over the mid-to-long term. Companies trading below a price-to-book ratio²² of 1 were told to 'comply or explain' or face the prospect of being named and shamed. This has been a major driver of M&A and overseas investment to use cash on balance sheets and improve financial returns.

Berkshire Hathaway's acquisition of shareholdings of approximately 10% in the five largest Japanese trading houses has been very profitable. A US\$15.4 billion investment is now worth around US\$35.4 billion – a US\$20 billion gain as well as receiving significant dividends (US\$862 million in 2025).²³ The wider Japanese business community is being exposed to Warren Buffett's approach to long-term investing and his view that an acceptable return on equity should be at least 15%.

National security and investment are becoming increasingly intertwined with significant national security scrutiny applied to **Nippon Steel's** bid for U.S. Steel in the United States (which was ultimately successful and closed in June 2025) which required **Nippon Steel** to invest US\$14 billion into the US operations. Japan's designation of **Seven & i Holdings** as a "core industry" under the Foreign Exchange and Foreign Trade Act in response to the proposed takeover by Canada's Alimentation Couche-Tard, signalled heightened sensitivity to foreign control of strategically relevant assets.

Data Centres primarily for AI are already driving significant increased power consumption in Japan (as is power needed for semiconductor manufacturing). As of November 2025, Australia had 314 data centres (ranked 7th globally) and Japan had 222 (ranked 10th)²⁴ so there is a significant gap given that Japan's economy is about 2.3x larger according to the World Bank than Australia's.

Semiconductor manufacturing in Japan has been boosted by large-scale government support through subsidies and support programs, the total allocation of which is estimated to be around US\$65 billion from 2021, which is the equivalent of 1.5% of GDP. A large share of the flagship, manufacturing-focused subsidies has concentrated on Rapidus (Hokkaido) and TSMC's Japan Semiconductor Manufacturing (JASM) operations in Kumamoto – the two projects that account for more than half of the headline subsidy allocations to date.

The Bank of Japan is normalising monetary policy as it fights inflation for the first time in decades. Inflation did not climb as high as in other G7 economies or Australia after the COVID-19 pandemic but it did trend positive after a decade and a half of mild but persistent deflation (falling prices). The energy price shock from the US-Israel conflict with Iran complicates monetary policy.

²¹ DC Advisory, *Asia Market Access 2026 Outlook* <https://www.dcadvisory.com/news-deals-insights/insights/asia-market-access-2026-outlook-the-velocity-of-inertia/>

²² Price-to-book (P/B) ratio compares a company's share price to its book value per share according to its financial statements.

²³ Berkshire has reportedly borrowed in Japan an amount roughly equivalent to the yen invested (cost basis), at an average cost of 1.2%

²⁴ Cargoson, *Number of Data Centers by Country* (November 2025).

Recent Japanese strategies for investing in Australia

ASX-listed transactions (Control and Strategic Holdings)

Takeovers by way of a scheme of arrangement remain the preferred route for Japanese acquirers seeking control of listed Australian targets due to greater price and timetable certainty. However, following a year of several large Japanese-led public takeovers in 2024 (**Renasas/Altium**, **Mitsubishi UFJ Trust & Banking/Link Group** and **J-POWER/Genex**), activity in 2025 was more limited, reflecting a more selective M&A environment and higher return hurdles.

Public market activity in 2025 included the acquisition by **MIXI Australia** of a controlling shareholding in ASX-listed PointsBet. The transaction was initially structured via a scheme of arrangement but ultimately proceeded by way of an off-market takeover bid²⁵ after ASX-listed Betr – a competing bidder that had accumulated a 19.9% shareholding – was in a position to defeat the shareholder approval required for the scheme. The scheme was ultimately not approved on 26 June 2025, and MIXI Australia announced on the same day its intention to proceed with a takeover bid at \$1.20 per share (later increased to \$1.25), implying an enterprise value of approximately \$402 million. The bid resulted in **MIXI Australia** securing a 66.43% shareholding and majority control rather than full ownership.

Further public market activity included **Mitsubishi Motors'** strategic minority investment in ASX-listed FleetPartners, increasing its shareholding from 5.01% (acquired in June 2024) to 19.93% in September 2025. While not a control transaction, it reflects the use of listed markets to establish a platform position and deepen commercial alignment over time.

A similar use of listed markets to establish strategic positioning was evident across other sectors. In July 2025, SBI **Shinsei Bank** increased its shareholding in the ASX-listed Latitude Group to 20.30% (from 19.29%) through on-market accumulation, reinforcing Japanese positioning in Australia's listed consumer finance sector. Earlier, in April 2025, **Sumitomo Metal Mining** completed a \$4.6 million strategic placement in ASX-listed Ardea Resources, resulting in an approximately 5.1% shareholding linked to long-term nickel supply rather than control.

Together, these transactions highlight a growing willingness among Japanese investors to use public markets not only for takeovers, but also to secure minority footholds in strategically important sectors and supply chains aligned with long-term industrial priorities.

Partnerships

Since 2019, there have been over 250 partnerships between Japanese and Australian companies and institutions, including 54 in 2025. Partnerships remain a core feature of Japan–Australia commercial engagement and continue to underpin long-term investment pathways. In 2025, partnership activity was characterised by early-stage MOUs and feasibility collaborations, alongside a growing number of commercial framework agreements aimed at securing future supply-chain positioning. Whilst a subset of partnerships did include capital commitments, the overall pattern reflects a staged investment approach, allowing Japanese investors to build strategic footholds while managing development and policy risk. Sector activity was led by energy transition and decarbonisation, including hydrogen, ammonia and CCS, followed by critical minerals, while space and broader technology collaboration emerged as notable growth areas.

Compared with 2024, partnership activity appears to have broadened further into space, technology and innovation, suggesting these areas may represent important pathways for future investments. By contrast, activity in sports, defence and agriculture was more limited in 2025, although each remains capable of generating further partnerships over time.

Consortium and minority investment approaches

Minority joint venture positions have long been a defining feature of Japanese investment in the energy, mining, infrastructure and agricultural sectors. Japanese investors have often preferred to participate alongside trusted partners, particularly in sectors involving planning risk, development complexity or policy sensitivity.

In 2025, this familiar model continued to be applied in Australian real estate, with Japanese investors often electing to participate as part of a consortium alongside trusted Australian partners rather than pursuing outright control. This was evident across a number of transactions, including **Tokyo Tatemono's** investment in the Docklands BTR project alongside Lendlease and **Nippon Steel Kowa Real Estate**, and **Marubeni** and **Haseko's** co-investment with AsheMorgan and **Mizuho Leasing** in the District Living project in Melbourne. A similar approach was also evident in Investa's strategic partnership with **JR West Real Estate** and **Sotetsu Real Estate** to deliver a studio living project in Sydney's CBD (140 Elizabeth Street). In such transactions, minority positions can provide strategic exposure with governance protections and pathways for future investment, while limiting full development risk.

²⁵ A regulated public takeover offer made directly to shareholders rather than through the ASX.

Platform-led expansion and “bolt-on” growth

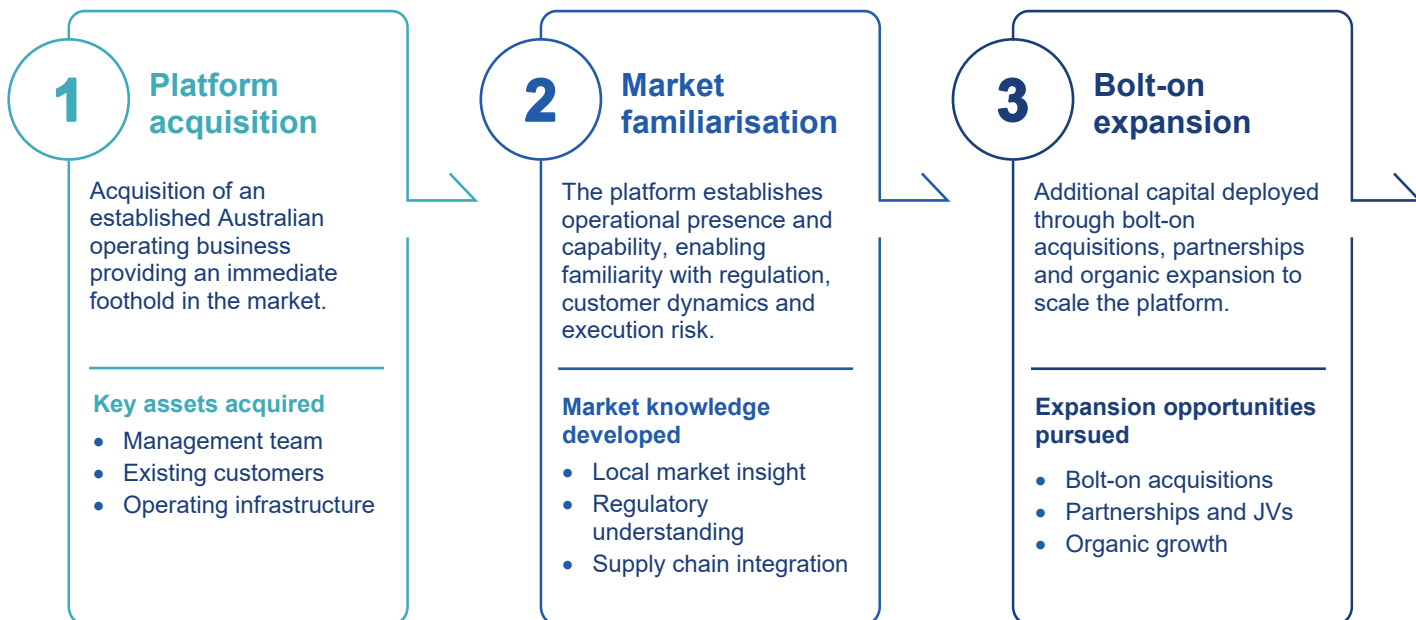
A defining feature of Japanese investment in Australia is the increasing use of a platform-led expansion strategy, where investors acquire an established operating business as a foothold in the market and subsequently grow through targeted “bolt-on” acquisitions. Rather than establishing an Australian subsidiary and attempting to grow organically, Japanese investors are prioritising initial platform investments that provide operational presence, management capability and market insight.

Increasingly, this model is also being used to deploy capital through lead-sponsor platforms capable of originating and managing pipelines of assets, rather than through single-asset acquisitions. The **Sojitz**–Capella transaction illustrates this approach, positioning a Japanese sponsor behind an established Australian infrastructure origination and asset management platform capable of scaling investment over time.

Once established, these platforms enable investors to deploy additional capital through bolt-on acquisitions, partnerships and organic expansion, allowing them to scale operations while reducing execution and market-entry risk.

This platform-first approach, followed by disciplined bolt-on growth, reflects a deliberate preference among Japanese investors for scalable, lower-risk market entry and long-term value creation. Corporate strategies increasingly emphasise leveraging operational expertise and international experience to strengthen overseas platforms. For example, both **Sojitz’s Medium-term Management Plan 2026** and **Marubeni’s Mid-Term Management Strategy GC2027** highlight the use of cross-division capabilities and global operating knowledge to enhance international investments. **Marubeni’s** divestment of its 40% shareholding in Allgas and its Rangers Valley feedlot and grain-fed beef business also illustrates a broader recycling of capital toward platforms where these capabilities can be deployed more effectively.

Platform Investment Model



Illustrative platform investments and expansion

Sector	Japanese investors	Illustrative platform investments and expansion
Beverages and consumer products	ASAHI Group Holdings	<ul style="list-style-type: none"> • ASAHI built a national beverages platform through the acquisition of Schweppes Australia (2014) and Carlton & United Breweries (2020).
	Kirin Holdings	<ul style="list-style-type: none"> • Kirin established a diversified beverages and natural health platform following its takeover of ASX-listed Lion Nathan (2009) and ASX-listed Blackmores (2023).
Technology and IT services	Fujitsu	<ul style="list-style-type: none"> • Fujitsu's acquisitions of Atos Origin's Australian operations (2004), KAZ Group (2009) and Supply Chain Consulting (2009).
	Fujifilm Business Innovation ²⁶	<ul style="list-style-type: none"> • Fujifilm Business Innovation Australia's acquisitions of Upstream Solutions (2010), CodeBlue Australia (2020) and MicroChannel (2023).
	Nomura Research Institute	<ul style="list-style-type: none"> • Nomura Research Institute's staged expansion through ASX-listed ASG Group (2016), ASX-listed SMS Management & Technology (2017), 1ICT (2019), Group 10 Consulting (2020), Planit (2021) and Velrada (2022).
Automotive platforms	Optimus Group	<ul style="list-style-type: none"> • Optimus Group expanded its Australian automotive logistics and processing platform through acquisitions including Auto Trader Media Group (2023)(51%), Dolphin Shipping (100%), Autopact dealer group (2023)(100%), Autocare Services (2024)(100%), Bluflag (60%) and Ozcar (30%).
Industrial and manufacturing services	Nippon Sanso Holdings	<ul style="list-style-type: none"> • Established an Australian industrial gas platform through the acquisition of Renegade Gas (2016), later integrated and rebranded as Supagas (2018), with further expansion through the acquisition of Coregas Group (2025).
Housing	Sumitomo Forestry	<ul style="list-style-type: none"> • Sumitomo Forestry's staged residential housing expansion through acquisitions including Henley Homes (initial 50% acquisition in 2009, increased to 51% in 2013), Wisdom Homes (2016) (51%), Scot Park Group (2019) (51%) and Metricon (2024) (51%).
	Asahi Kasei Homes	<ul style="list-style-type: none"> • Asahi Kasei Homes built its Australian housing platform through an initial 40% shareholding in NEX Building Group (then MJH Group) (2017) and later increasing its shareholding to 80% (2021); alongside bolt-on acquisitions including Supaloc Steel Frames (2020), Weeks Homes (2020) and Arden Homes (2023).
Paper, packaging and distribution	Kokusai Pulp & Paper (Spicers)	<ul style="list-style-type: none"> • Kokusai Pulp & Paper established a national paper, packaging and visual communications distribution platform through the acquisition of ASX-listed Spicers Australia (2019).²⁷
	Japan Pulp & Paper (Ball & Doggett)	<ul style="list-style-type: none"> • Japan Pulp & Paper expanded its Australian distribution footprint through the acquisition of Ball & Doggett (2019), one of the country's largest paper, packaging and printing supply distributors.²⁸
Financial services and market infrastructure	Mitsubishi UFJ Financial Group	<ul style="list-style-type: none"> • MUFG established an Australian pensions and market services platform through the acquisition of Colonial First State Global Asset Management (2019). Expanded through the takeover of ASX-listed Link Group (2024).
Infrastructure development	Sojitz	<ul style="list-style-type: none"> • Sojitz acquired a 70% shareholding in infrastructure developer Capella Capital (2025),²⁹ and entered a 50:50 joint venture with CIMIC to acquire UGL's Transport business (2026).

²⁶ Formerly Fuji Xerox.

²⁷ Since 2019, Spicers Paper has made six acquisitions in Australia and five acquisitions in South-East Asia.

²⁸ Since 2017, Ball & Doggett has made six acquisitions in Australia.

²⁹ Capella management retains 30%.

Follow-on and embedded capital: the “Unseen” layer of Japanese investment

A substantial portion of Japanese investment in Australia does not appear in headline transaction data. Beyond new acquisitions, Japanese corporates are long-standing joint venture partners across major resources assets, including LNG, iron ore and coal, and continue to deploy capital through reinvestment, equity contributions and project-level funding. This follow-on capital – used to support sustaining capex, expansions and lifecycle upgrades – represents a meaningful and often under-recognised component of Japan’s economic footprint in Australia.

In LNG, investors such as **INPEX** (Ichthys), and **Mitsui & Co.** and **Mitsubishi Corporation** (via the North West Shelf through MIMI), continue to participate in ongoing funding to optimise operations, extend asset life and support emissions-related initiatives. Similarly, **JERA** continues to invest across upstream and midstream supply chains linked to Australian LNG production. These capital deployments deepen exposure and reinforce supply security without changing ownership structures.

A comparable dynamic exists in coal. Japanese trading houses including **Marubeni**, **Sojitz**, **ITOCHU**, **Sumitomo Corporation**, **Mitsui & Co.** and **Mitsubishi Corporation** maintain long-term positions in Queensland steelmaking coal assets. These include holdings in the Jellinbah Group, participation in the BHP Mitsubishi Alliance, and minority interests in joint ventures alongside global producers such as Anglo American and Glencore. Ongoing project funding and occasional incremental equity increases reflect a continued strategic commitment to securing supply from existing assets rather than pursuing new acquisitions.

PMI, management and governance of Australian operations

The planning and implementation of post-merger integration (PMI) has improved significantly over the past 20 years. Japanese companies have increasingly drawn on their experience from earlier investments in Australia and other overseas markets, while also engaging professional advisers to manage integration workstreams and ensure the achievement of key milestones on time and within budget.

Japanese companies have also developed greater confidence in managing complex Australian operations through the empowerment and incentive-based remuneration of locally based senior executives. Executive and professional salaries in Australia are generally higher than in Japan and employee turnover is high, reflecting differences in labour market structure and the seniority-based remuneration systems common in Japanese companies.³⁰ Australian subsidiaries are typically led by experienced local management teams with deep knowledge of the market, regulatory environment and industry dynamics and are supported by clear delegations of authority and well-defined decision-making processes. This approach allows Japanese investors to retain strategic oversight while leveraging local market expertise.

Australian businesses have in turn benefited from the governance frameworks introduced by Japanese investors, including the adoption of medium-term business planning, strengthened corporate governance, enhanced sustainability and risk management practices, and importantly, improved access to competitively priced financing from Japanese banks.

These approaches have helped Japanese investors establish a reputation for long-term, stable ownership of Australian businesses, with integration strategies that prioritise operational continuity, management stability and gradual capability building rather than rapid restructuring.

³⁰ Average annual wages in Australia are approximately 60-80% higher than in Japan and total executive compensation in Australia exceeds Japan across comparable roles: OECD (Average Annual Wages – Australia vs Japan); Mercer (Total Remuneration Survey – executive compensation benchmarks).

Investment paradigms

The underlying drivers of Japanese investment into Australia in the short, medium and long term

The investment trends in this report are consistent with the underlying drivers of Japanese investment into Australia across the short, medium and long term. These drivers are summarised below and provide a useful framework for examining the current state of the Japan-Australia investment relationship in the next section.

Shorter-term

- 1 **Japan's ongoing reliance on imported energy**, and the complexity of maintaining a balanced energy mix between LNG, coal, nuclear, hydro, and renewables, together with the economic and political risks associated with the transition to new energy sources.
- 2 **Substantial cash reserves on Japanese corporate balance sheets and access to low interest financing**, which encourage outward investment and diversification of earnings and asset exposure outside Japan, including access to foreign-currency revenue streams as the yen declines in value.
- 3 **Australia's concentrated market structures**, where many industries operate as oligopolies due to the country's geographic scale and relatively small population, helping to de-risk acquisitions of companies with established and profitable client bases.
- 4 **Australian political stability and sustained economic growth**, supported by the strong population growth driven by net positive migration, high household incomes and significant household wealth.
- 5 **Fragmented markets**, particularly in sectors dominated by family-owned and capital constrained businesses, create opportunities for well-capitalised Japanese investors to consolidate and grow these platforms.
- 6 **Japanese corporate focus on Environmental, Social, and Governance (ESG) alignment** across global portfolios, driven by macro policy objectives such as Japan's net zero 2050 target, revisions to Japan's corporate governance code, and increasing shareholder and stakeholder expectations.
- 7 **Japan's shrinking domestic market**, driven by an aging and declining population.
- 8 **Japan's energy transition and industrial policy**, which aligns with Australia's endowment of high-quality energy resources and critical minerals.
- 9 **Shared democratic values and deep bilateral economic and security ties**, which position Australia as a trusted long-term investment destination for Japanese investment.
- 10 **Australia's well-established corporate governance framework**, which is widely understood and accepted by Japanese investors and aligns increasingly with governance reforms occurring in Japan.

Longer-term

A fourth investment paradigm

Four paradigms describe the investment structures used by Japanese companies in Australia. The fourth is a recent addition to our framework, although the underlying investment behaviour has been emerging for several years.

1

Minority joint venture participation

Since the 1960s, Japanese companies have commonly participated as minority investors in joint ventures, particularly in the minerals, energy and food sectors, and more recently in real estate.

2

Majority or full acquisitions

Over the last 15 years Japanese companies have increasingly used 100% or majority acquisitions to establish a direct operating presence and achieve growth.

3

Strategic partnerships and innovation alliances

An increasing number of Japanese companies have formed partnerships focused on new energy, research and development, innovation, technology and startups. These give access to technology and know-how with the option for future investment.

4

Platform-led expansion

The establishment and expansion of operating platforms through the acquisition of established operating businesses within the relevant supply chain (or adjacent markets). These platforms enable both “bolt-on” acquisitions and larger control investments, designed to build scale, service capability or asset management capability.

Key pillars of Japan-Australia relationship

Economic ties and international economic diplomacy

Japan and Australia enjoy a well-aligned and complementary economic and diplomatic relationship, as evidenced by:

- Japan being Australia's third largest two-way trading partner (\$102.1 billion), accounting for 8% of Australia's total goods and services trade, and 10.8% of Australia's exports³¹; and the second highest for cumulative FDI, behind the United States and just ahead of the United Kingdom.
- Australia being Japan's third largest trading partner, accounting for 4% of Japan's total goods trade. Australia accounts for 6% of Japan's imports.
- Business cooperation continues to thrive, as reflected in the 62nd Annual Australia-Japan Joint Business Conference ("Navigating New Realities: Turbulence, Transition, Technology") held in Perth in October 2025, which attracted more than 700 delegates, including a record Japanese delegation to an Australian host city of 343 delegates.
- Australia and Japan both being:
 - party to the two mega-regional agreements; the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).
 - foundation members of the Asia Pacific Economic Cooperation (APEC).
 - members of the East Asia Summit (EAS).
 - members of the ASEAN Regional Forum (ARF).
 - members of the Minerals Security Partnership, a coalition of 14 countries including all G7 states, Australia, India and South Korea and the European Union.
 - members of the Indo-Pacific Economic Framework.
 - partners in the Asia Zero Emission Community (AZEC).
 - members of the Group of 20 (G20) (Japan is also the only Asian member of the Group of 7 advanced economies (G7)).

2027 is the 70th anniversary of the Agreement on Commerce between Australia and Japan, the agreement that kick-started economic relations between the two countries and granted Japan equal best treatment (most-favoured nation treatment) of all Australia's trading partners. It was visionary and required political courage and leadership in both countries.

Political closeness and growing defence ties

The impressive number of bilateral and multilateral engagements involving Japan and Australia continued in 2025 with a further elevation expected in 2026 given the activities around the 50th anniversary of the NARA Treaty as well as wider global and regional geopolitical events.

- Prime Minister Albanese met Japanese Prime Minister Sanae Takaichi for a Summit Meeting soon after she became prime minister in October 2025 at the ASEAN-related summit meetings. Annual bilateral Prime Ministerial visits are expected to resume in 2026 (first started in 2014 by Prime Minister Shinzo Abe with Prime Minister Tony Abbott).
- The Governor-General of the Commonwealth of Australia, H.E. the Hon. Ms Samantha Mostyn AC, visited Japan in September 2025, receiving an Imperial Audience with Her Imperial Highness Crown Princess Akishino and Her Imperial Highness Princess Kako.
- The Foreign Ministers met at least seven times, including for Quadrilateral Strategic Dialogue (Quad) meetings and the 12th Australia-Japan 2+2 Foreign and Defence Ministerial Consultations. The Defence Ministers met at least four times and Trade Ministers at least three times in 2025. At the 2+2 in September 2025, both governments highlighted that the Reciprocal Access Agreement (RAA) is now moving into practical implementation.
 - Over 40 bilateral military activities have now taken place under the RAA framework.
 - Japan's largest-ever participation in Exercise Talisman Sabre 2025, which ran from 13 July to 4 August 2025, occurred under RAA deployment arrangements.

Australia and Japan are leaders in the pursuit of other plurilateral and minilateral arrangements, including the Quadrilateral Strategic Dialogue (Quad), and Japan has expressed strong interest in AUKUS Pillar II.

³¹ <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-financial-year/latest-release>

People to people contacts

For the fifth year in a row, Australians ranked Japan as the most trusted foreign country in the Lowy Institute Poll 2025 (90%)³². That trust is built on strong foundations:

- Australia has the highest per capita number of learners of the Japanese language.
- In 2025, there were 1,058,300 visits to Japan made by Australians and this travel was facilitated by 87 direct flights from Australia to Japan each week. There were 160,700 visits to Japan by Australians in January 2026, 14.6% higher than in January 2025.
- Australia is now home to the second largest population of Japanese nationals outside Japan, behind the United States.
- 358,339 visitor visa applications lodged in the year to 30 June 2025 by Japanese visiting Australia, of which 16,000 were for working holiday visas.³³
- 105,566 Japanese nationals reside in Australia, ranking second behind the United States, having overtaken China in 2024.

Australian directors and officers of listed Japanese companies³⁴

- Melanie Brock AM – **Kawasaki Heavy Industries, ASAHI Group Holdings, Sega Sammy Holdings, Mitsubishi Estate**
- Scott Davis – **Bridgestone Corporation, Ajinomoto Co., SOMPO Holdings**
- Sir Rod Eddington AO – **Kirin Holdings**³⁵
- Debra Hazelton – **Persol Holdings**
- Andrew Helmers – **Asahi Kasei Corporation**
- Lisa MacCallum – **Kao Corporation**
- Andrew Larke – **Nippon Paint Holdings**
- David Martin – **KPP Group Holdings**
- Elizabeth Masamune PSM – **Arakawa Chemical Industries, Asteria Corporation, Financial Partners Group**
- Bruce Miller AO – **INPEX Corporation, Dai-ichi Life Holdings**
- Sam Walsh AO – **Mitsui & Co.**

Osaka Expo

- **3 million people** (14% of all visitors) visited the Australian pavilion at the Osaka Expo.
- Over **200,000 Four'N Twenty meat pies** and **240,000 lamingtons** were sold at Café Koko.
- **Over 165 business and diplomatic events hosted 8,000 guests**, creating new partnerships in key sectors from clean energy to AI, health, space and food innovation.
- Participation from all states and territories, and over **400 protocol visits welcoming 5,000 VIPs**, including leaders from Japanese and Australian government, industry and community.
- The total Australian Government budget for Osaka Expo, including the pavilion and staff, was **\$100 million**.

³² <https://poll.lowyinstitute.org/charts/trust-in-global-powers/>.

³³ <https://data.gov.au/data/en/dataset/visa-working-holiday-maker> and <https://www.homeaffairs.gov.au/research-and-statistics/statistics/visa-statistics/visit>

³⁴ Listed in alphabetical order by surname.

³⁵ Scheduled to retire at the end of March 2026 under Kirin's 26 January 2026 board changes announcement.

Major Australian and Japanese Government initiatives

The Australian and Japanese Governments have announced major policy strategies to decarbonise their economies, creating opportunities for the bilateral investment relationship going forward. New measures are being progressively announced in both the Future Made in Australia (FMIA) and Japanese Green Transformation (GX) policy frameworks.

Future Made in Australia

The **FMIA plan** is the Australian Government's new economic strategy to drive investment, innovation, and industrial growth towards a net zero future. The plan will invest \$22.7 billion over the next decade to:

- Attract and enable investment.
- Make Australia a renewable energy superpower.
- Increase value adding to our resources and strengthening economic security.
- Back Australian ideas: innovation, digital, science.
- Invest in people and places.

The National Interest Framework will guide the Government's decision making on significant public investments, particularly those used to incentivise private investment at scale.

Five areas are aligned with the National Interest Framework:

1. Renewable hydrogen.
2. Critical minerals processing.
3. Green metals.
4. Low carbon liquid fuels.
5. Clean energy manufacturing, including battery and solar panel supply chains.

The National Interest Framework is guided by the **Net Zero Transformation Stream** and the **Economic Resilience and Security Stream**.

- The Net Zero Transformation Stream will support industries that will make a significant contribution to the net zero transition and that Australia is expected to have an enduring comparative advantage in. The sectors will need public investment to make a significant cost-effective contribution to emissions reduction.
- The Economic Resilience and Security Stream will support industries where maintaining certain domestic capabilities is essential or cost-effective for ensuring economic stability and security, and where private sector investment would not materialise without public funding support.

Other major initiatives include:

- The Australian Government's National Reconstruction Fund is a separate \$15 billion fund established independent of the Commonwealth government that invests to drive innovation similar to the Clean Energy Finance Corporation.
- The NSW Advanced Manufacturing Readiness Facility (AMRF), which is a government R&D consulting business that works with businesses to accelerate innovation. Businesses work with AMRF's in-house experienced engineers and equipment to identify productivity gains without taking production capacity offline. Some other states have programs with similar objectives. The AMRF "consulting" model is unique in Australia.

Implications of FMIA for Japan

New and strengthened areas for collaboration in:

- Clean energy technology development.
- Critical minerals processing and value-adding and advanced manufacturing in Australia.
- There will be increased potential for technology sharing and strategic partnerships.
- FMIA may incentivise further Japanese investment in new sectors beyond resources and energy as Australia aims to scale up its manufacturing capabilities.

The opportunity for Japanese investors with local manufacturing or product integration operations (of which there are many), is to leverage these programs to realise efficiency gains and lower costs in local operations, and connect to business development opportunities through being part of the networks and ecosystems that exist around these programs.

Some potential risks:

- Japanese companies might face increased localisation requirements.
- Potential increased competition from Australian developed or supported industries when doing business in Australia.
- Partnering in government-supported projects that are not independently commercially viable in the long term.
- Australian Government policy continuity in the medium to long term.

Japan’s 7th Strategic Energy Plan

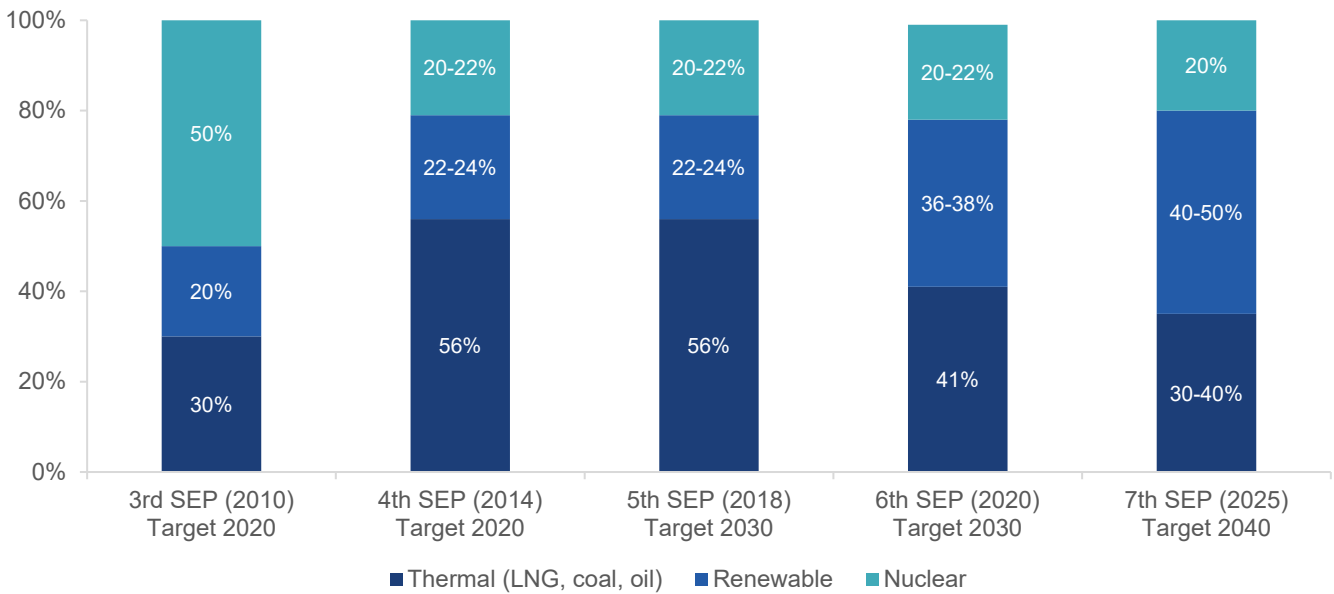
The Japanese Government adopted its 7th Strategic Energy Plan on 18 February 2025. The strategic energy plans (SEPs) are developed every three years to outline the fundamental direction of Japan’s energy policy.

The updated strategy features a more aggressive renewable energy target of 40%-50% for fiscal year 2040, establishing renewables as a primary power source. Additionally, there’s been a notable shift in language regarding nuclear energy policy under Prime Minister Takaichi, which now emphasises maximising its utilisation alongside renewable sources. LNG, coal and oil have been aggregated as “thermal”.

These strategic adjustments respond to twin challenges: maintaining reliable energy supplies while pursuing decarbonisation goals, especially as electricity demand increases due to ongoing digital transformation (DX) and green transformation (GX) initiatives. One of the key changes since the 6th Strategic Energy Plan (2021) is an expected increase in power demand from AI, big data, data centres, vehicle electrification and semiconductor manufacturing as well as the integration of energy policy and industrial policy.

The Japanese government is developing a "GX 2040 Vision", a new national strategy to guide decarbonisation and industrial policy through 2040. This vision will work in tandem with the Strategic Energy Plan, with both initiatives being implemented together as stated in the draft.

Japan's Strategic Energy Plan Targets



Japan's US\$1 trillion Green Transformation (GX) Policy

The Japanese government is investing heavily in the GX Policy, with a target of mobilizing ¥150 trillion (around US\$1 trillion) in public and private investments over the next decade. Key elements of the policy include:

1. **Decarbonisation Goals:** The GX policy is designed to meet Japan's greenhouse gas emission reduction commitments in line with its 2030 targets and achieving net-zero emissions by 2050.
2. **Investment in Green Technology:** It allocates significant funds to develop renewable energy, hydrogen, carbon capture, and storage technologies, aiming to transition industries to sustainable practices.
3. **Economic Growth and Innovation:** By linking decarbonisation with economic strategy, the GX roadmap encourages the development of new green industries and makes existing industries more sustainable. It positions Japan as a global leader in green technologies.
4. **Long-term Commitment:** With a decade-long implementation framework, the policy includes incentives for businesses to invest in sustainable practices, supported by regulatory reforms.

Japan's GX bonds are a significant financial instrument for advancing green transformation. The first tranche, worth ¥1.6 trillion (\$14.5 billion) of GX bonds was issued in February 2024. Funds are allocated toward research and development (55.5%) – such as renewable energy, hydrogen in steelmaking, and other cutting-edge initiatives – and subsidies (44.5%) for manufacturing battery storage, energy-efficient building systems, and similar activities. Importantly, the bond explicitly excludes investments in gas-fired power generation or coal-related activities like ammonia co-firing, even if they offer a cleaner alternative to existing fossil fuel technologies.

In total, approximately ¥31 trillion has been allocated to next-generation renewable energy. That's part of a broader investment plan requiring over ¥150 trillion in public-private investment over the next decade.

Please see [page 52](#) for an overview of the Japanese Government's hydrogen policy prepared by the Australian Embassy in Tokyo.

The GX bonds will be funded by a growth-focused carbon pricing system that merges emissions trading (GX-ETS) with a "carbon levy." Emissions trading was introduced in FY2023 and currently operates as a voluntary initiative driven by GX League participating companies. A phased auction mechanism, initially targeting the power sector, is set to commence in FY2033. Additionally, the implementation of a carbon levy will begin gradually from FY2028.

Key trends for 2026 and beyond



Top 10 investment trends

This year we highlight the top 10 investment trends in Japanese investment in Australia. In particular, activity was led by major investment in iron ore, alongside continued strength in real estate, meaningful investment into transport and mobility platforms, selective participation in critical and strategic minerals, and expanding activity across consumer, retail and business services.

2025 headline investment: Securing next-generation Pilbara supply

The standout investment of 2025 was **Mitsui & Co.'s** US\$5.34 billion acquisition of a 40% interest in the greenfield Rhodes Ridge Joint Venture (RRJV) from the Wright and Bennett families, private legacy holders of foundational Pilbara iron ore rights through Wright Prospecting.³⁶ Post-transaction ownership comprises Rio Tinto (50%), **Mitsui & Co.** (40%) and AMB Holdings (Angela Bennett's family investment vehicle) (10%). **Mitsui & Co.** described the transaction as '20 years in the making', reflecting long-running dialogue and relationship-building with the owner families.³⁷

Rhodes Ridge is a large undeveloped iron ore deposit in Western Australia's Pilbara and is expected to become a next-generation production hub as existing mines mature. It is regarded by **Mitsui & Co.** as the last large-scale undeveloped iron ore deposit in Western Australia – a "crown jewel" with high iron content (average Fe content of 61.6%). The project also benefits from access to existing rail and port infrastructure.

As **Mitsui & Co.'s** largest-ever global investment, the transaction signals a decisive shift by Japanese investors toward securing future replacement supply rather than relying solely on legacy joint ventures.

Mitsui & Co. has been active in Australian resources since the 1960s and has invested over \$16 billion in Australia over the past decade, underscoring the scale of its long-standing commitment. **Mitsui & Co.'s** presence in the Pilbara dates back to its participation in the Robe River Joint Venture, originally established in the late 1960s to develop channel iron deposits in the Robe Valley alongside Cleveland-Cliffs (original project sponsor)³⁸ and Japanese steelmakers including **Nippon Steel** and **Kawasaki Steel** (now part of **JFE Steel**).

The RRJV investment is primarily for commercial reasons but also has a secondary and very important economic security benefit.

The transaction implies a project valuation of approximately US\$13.4 billion and reflects growing strategic urgency around:

- depletion of mature Pilbara hubs,
- declining ore grades, and
- increasing capital required to sustain existing production.

This investment shift aligns with broader sector dynamics, with iron ore producers continuing to prioritise brownfield expansion and replacement projects as existing operations mature.

Mitsui & Co. has indicated RRJV is expected to generate approximately US\$1 billion in free cash flow in its initial phase, with first production targeted around 2030. Approval risk remains, however, as an onshore Pilbara mine intended to leverage established rail and port infrastructure, RRJV's approvals and delivery profile is generally more straightforward (remains subject to State and Federal approvals and heritage processes) than greenfield export developments that require new processing and coastal infrastructure.

Over time, the scale of output would also be expected to translate into substantial royalty revenues for the Western Australian Government, alongside federal tax contributions and employment across the Pilbara supply chain.

In effect, Rhodes Ridge represents a generational continuity investment, ensuring Japanese access to high-quality Pilbara tonnage into the 2030s and beyond.

³⁶ Reflecting US dollar-based global pricing of iron ore.

³⁷ https://www.mitsui.com/jp/en/release/2025/_icsFiles/afiedfile/2025/02/28/en_8031_20250219_04.pdf

³⁸ Cleveland-Cliffs was the original sponsor; control later passed to North Ltd, which was acquired by Rio Tinto in 2000, giving Rio majority ownership of the Robe River Joint Venture.

Trend 1: Iron ore, metallurgical coal and critical minerals

While iron ore dominated Japanese resource investment activity in 2025, engagement in metallurgical coal and critical minerals continued at a steady pace.

Iron ore

Iron ore continued to defy bearish expectations in 2025, with prices broadly holding around the US\$100/t level despite persistent concerns about China's steel cycle and the medium-term supply outlook.

Australia remains Japan's most important iron ore supplier, accounting for around 55% of Japan's imports and reinforcing Japan's continued reliance on Pilbara-based supply within its steel value chain. This continues even as Australia's broader export mix has increasingly shifted toward China, which now accounts for roughly one-third of total exports. Australia is the world's largest iron ore exporter, shipping approximately 900 million tonnes (dry) in 2024-25.³⁹ While Japan represents a smaller share of Australia's overall trade at 10% compared to China's 80%, Australian ore continues to supply over 50% of the inputs into Japanese steel mills, underpinning long-term Japanese investment across the Pilbara basin.

At a global level, 2025 marked an inflection point in future supply dynamics with first shipments from the Simandou project in Guinea, West Africa (developed by consortia led by Rio Tinto and Chinese-Singaporean owned Winning Consortium Simandou), widely regarded as the world's largest undeveloped iron ore system. With planned production of around 120 million tonnes per year (Mtpa), Simandou represents the most significant new source of seaborne supply in a generation and, at 120 Mtpa, would be equivalent to roughly one-eighth of

current Pilbara export volumes. Despite the emergence of new global supply sources, Australian export volumes are forecast to continue expanding modestly, rising by around 1.4% annually through to 2026-27.⁴⁰

Rather than displacing Japanese confidence in Australia, this emerging supply backdrop has reinforced the strategic premium placed on long-life, scalable Pilbara projects capable of delivering reliability, grade consistency and infrastructure integration.

Sustaining capital: Japanese JVs anchor Pilbara continuity

Alongside next-wave acquisitions, recent developments also underscored the critical role Japanese joint venture partners continue to play in sustaining existing production systems.

In September 2025, **Mitsui & Co.** and **ITOCHU** each acquired interests in BHP's Ministers North deposit (13 kilometres from the Yandi mine, Western Australia), positioned as a direct successor to Yandi as that operation approaches end of life. **Mitsui & Co.** will take 7% and **ITOCHU** 8%, mirroring their established positions across BHP's Pilbara JV system.

This trend continued in October 2025, when the Robe River Joint Venture (Rio Tinto (53%)/ **Mitsui & Co.** (33%)/ **Nippon Steel** (14%)) approved the West Angelas Sustaining Project, involving total capex of approximately \$1 billion (including pro-rata contributions by **Mitsui & Co.** and **Nippon Steel**) to develop three replacement deposits and maintain production capacity.

These investments highlight a consistent strategic pattern. Japanese capital is increasingly directed toward continuity and replacement optionality, rather than short-cycle market positioning.

“Rhodes Ridge is a perfect fit as it has a tremendous resource base, large scale production potential, and provides synergies with our existing iron ore business.”

Kenichi Hori, President and CEO, Mitsui & Co.

³⁹ Department of Industry, Science and Resources, *Resources and Energy Quarterly*, December 2024 (estimate).

⁴⁰ Department of Industry, Science and Resources

Portfolio optimisation and emerging optionality

Other Japanese-linked iron ore activity in 2025 reflected incremental consolidation and optionality-building across established Pilbara systems.

In March 2025, the Robe River Joint Venture (Rio Tinto/**Mitsui/Nippon Steel**) made an unsolicited offer to acquire ASX-listed CZR Resources' interest in the Robe Mesa Iron Ore Project for \$75 million in cash. A legally binding agreement was entered into in April 2025, with the transaction completing in September 2025 following satisfaction of conditions precedent, including FIRB approval. Robe Mesa is a greenfield project in the Robe Valley channel iron deposits, immediately adjacent to existing Robe River JV mining operations (and located within the broader Pilbara region that also hosts the Rhodes Ridge deposit), making it a logical hub-adjacent acquisition with potential infrastructure and mine-planning advantages.

In parallel, Japanese trading houses continue to selectively explore magnetite-linked and downstream processing pathways as part of longer-term supply diversification strategies.

Japan's iron ore strategy is increasingly being influenced by the intersection of security-of-supply and GX-led industrial decarbonisation. In January 2025, Japan's **Ministry of Economy, Trade and Industry (METI)** published the final report of its "*Green Steel for GX*" agenda, which highlighted growing emphasis on traceability and measurable emissions outcomes, while broader transition roadmaps explicitly map pathways such as direct reduction (including hydrogen) and carbon capture, utilisation and storage (CCUS)-linked routes. Together, these signals reinforce a gradual shift toward feedstock strategies that place greater weight on ore quality, impurities and processing pathways, helping explain why Japanese companies continue to preserve development optionality in magnetite and other future higher-quality, low-emissions iron supply chains. This is illustrated by the development-stage funding and offtake framework between ASX-listed Magnetite Mines and **JFE Shoji Australia**, under which funding support for completion of the Razorback Iron Ore Project's final feasibility study is linked to long-term offtake rights for high-grade magnetite concentrate suitable for lower-emissions steelmaking, with potential future equity or joint-venture participation.

This direction is also reinforced by **METI's** parallel work on transition finance, including the publication of iron and steel technology roadmaps that explicitly map decarbonisation pathways such as direct reduction (including hydrogen) and CCUS-linked routes. Together,

these frameworks signal a shift toward structured policy support for hard-to-abate industrial transition, with implications for future feedstock preferences as Japan balances emissions reduction with supply security.

Strategic takeaway

Australia's iron ore export earnings are projected to remain substantial, exceeding \$100 billion annually through to 2026-27,⁴¹ even as prices soften under the weight of new supply. Across both headline acquisitions and sustaining investments, the trend suggests that Japanese investors are positioning for structural continuity of Pilbara supply in a world where new global capacity is emerging but geopolitical, infrastructure and execution risks remain high. Australia's advantage is no longer simply scale, but reliability, and Japanese capital continues to invest accordingly. As legacy deposits mature and sustaining capital requirements increase, maintaining investment competitiveness through efficient approvals, infrastructure certainty and policy stability will be critical to ensuring Pilbara replacement projects continue to attract long-term partners such as Japan.

Metallurgical coal

Australia remains central to global steel supply chains, exporting approximately 147Mt of metallurgical coal in 2024-25 (around 45% of global seaborne market at 325 Mt), with export volumes forecast to rise to 169Mt by 2026-27.⁴² Australia supplies over half of Japan's imported metallurgical coal, reinforcing its role as a critical supplier for Japan's industrial base. Unlike thermal coal, which faces more persistent structural demand headwinds, metallurgical coal continues to be viewed as a strategically essential industrial input. Australian export earnings from metallurgical coal are forecast to remain broadly stable at around \$36–37 billion.⁴³

Given Australia's small domestic steel industry (5.2 Mt of crude steel production in 2025, ranked 28th globally), the country exports the overwhelming majority of its metallurgical coal output, with around 90% of production exported.

Market dynamics have produced a bifurcated investment outlook across the coal sector. Metallurgical coal assets are increasingly seen as structurally supported over the medium term, underpinned by constrained new supply, rising development costs and continued blast furnace-based steel demand across key Asian markets. Premium hard coking coal prices are forecast at around US\$186/t in 2025-26 and US\$189/t in 2026-27, remaining near current levels.⁴⁴

⁴¹ Department of Industry, Science and Resources

⁴² Department of Industry, Science and Resources

⁴³ Department of Industry, Science and Resources

⁴⁴ Department of Industry, Science and Resources

While decarbonisation pathways for steelmaking are advancing, blast furnace-based production remains dominant in Japan. Around three-quarters of Japanese crude steel output is produced through this method, which depends on coke made from metallurgical coal. Although Japanese steelmakers are investing in electric arc furnace (EAF) capacity and low-carbon technologies, there remains no commercially scalable substitute for metallurgical coal in primary steel production at present.

Against this backdrop, securing long-term access to high-quality metallurgical coal remains a strategic priority for Japanese steel producers. Japan's upstream investment in Australian metallurgical coal reflects a model established in the 1960s and 1970s, when Japanese corporations played a foundational role in underwriting the development of Queensland's Bowen Basin through long-term offtake agreements and minority equity participation.

This integrated approach of combining secured supply acquisition with infrastructure-aligned investment helped enable Queensland's emergence as the world's premier supplier of seaborne metallurgical coal and continues to shape Japanese investment behaviour today. Japanese investment has historically concentrated in Queensland's Bowen Basin due to the region's high-quality deposits (hard coking coal and PCI blends), established export infrastructure (including Hay Point, Dalrymple Bay and Gladstone), and enduring Japanese offtake relationships.

Japanese trading houses continue to hold some of the largest and longest-dated positions in the sector, typically through joint ventures with major operators:

- **Mitsubishi Corporation** maintains long-standing exposure via BHP Mitsubishi Alliance (BMA) which owns and operates five metallurgical coal mines (Goonyella Riverside, Broadmeadow, Peak Downs, Saraji and Caval Ridge) and also owns and operates the Hay Point Coal Terminal.
- **Mitsui & Co.** hold interests in Dawson (49%), Lake Lindsay/Aquila (30%), and Moranbah North/ Grosvenor (4.75%) joint ventures alongside Anglo American and a 20% interest in the Kestrel mine.
- **Marubeni** has built a substantial position through its shareholding in Jellinbah Group, which owns 70% of both the Jellinbah East and Lake Vermont mines, in addition to a direct interest in the assets. It also owns a 12% interest in Hail Creek mine.
- **Sojitz** owns and operates the Gregory Crinum coking coal mine, the Meteor Downs South (MDS) project and the Minerva mine.
- **Sumitomo Corporation** has a 37.13% economic interest in the Clermont coal mine (thermal) and the Oaky Creek (25%) and Hail Creek (3.33%) metallurgical coal mines.

- **ITOCHU** holds a 20% interest in the Hail Creek metallurgical coal mine and a 15% interest in the Maules Creek mine (thermal)

Activity in 2025 was characterised by incremental expansion of existing strategic positions rather than new market entry, with Japanese steelmakers continuing a broader shift from traditional offtake arrangements towards upstream ownership in order to de-risk supply security and manage long-term price exposure through anchored equity positions. The re-emergence of material equity acquisitions reflects a willingness to secure long-life resources through ownership where high-quality supply is scarce.

- **Nippon Steel** completed its acquisition of a 20% interest in the Blackwater metallurgical coal mine from Whitehaven Coal (US\$720 million), while contemporaneously JFE Steel acquired a 10% interest (US\$360 million), supported by JBIC financing (¥34.2 billion loan).
- **Marubeni** increased its exposure through a further 6.7% share acquisition in Jellinbah Group, increasing its shareholding from 33.3% to 40% in two long-life metallurgical coal mines.
- **ITOCHU** retained its 30% shareholding of Fitzroy Resources (owner and operator of the Carborough Downs and Broadlea coal mines) despite AMCI's sale of its 70% shareholding to Mercuria (a Swiss commodities trader).

All material Japanese-linked coal transactions in 2025 were focused exclusively on metallurgical coal, with no comparable activity in thermal coal. In 2024, Japan together with the other G7 countries, committed to phase out unabated coal-fired power generation by 2035. This reinforces the increasingly clear strategic distinction drawn by Japanese investors between steelmaking inputs and thermal coal.

Anglo American's planned divestment of its metallurgical coal portfolio (which has significant Japanese joint venture involvement, including **Mitsui & Co.**, **Nippon Steel**, **Kobe Steel** and **JFE**) remained one of the most significant global processes in 2025. The sale was disrupted after a fire at the Moranbah North Mine in March 2025, with a staged restart of operations commencing in November 2025. Peabody Energy terminated the agreed US\$3.8 billion transaction in August 2025, citing a material adverse change clause following the Moranbah North mine fire. The episode highlighted how rarely large-scale Bowen Basin metallurgical coal portfolios come to market. More broadly, opportunities for new entry through M&A are likely to remain limited, reflecting the scarcity of tier-one assets, divergent price expectations between buyers and sellers, evolving regulatory and royalty settings, and heightened ESG scrutiny. While Anglo American has indicated it received strong interest in the assets, the timing of any renewed sale process may depend on the outcome of the ongoing arbitration with Peabody.

This pattern aligns with a broader trend of renewed Japanese investment in bulk raw materials essential to steelmaking, highlighted by **Mitsui & Co.’s** acquisition of a 40% interest in the Rhodes Ridge iron ore project (discussed above). Together, these developments underscore the continued strategic importance of Australian bulk commodities to Japan’s long-term industrial resilience.

Critical and strategic minerals and rare earths

Critical Minerals sit at the intersection of national security, geopolitics, the energy transition and industrial competitiveness.

Japanese investors have generally approached greenfield critical minerals projects with caution, particularly where near-term cash flow visibility is limited or dependent on future market development. This cautious posture reinforces a broader structural tension between the geopolitical urgency attached to supply chain resilience by policymakers in both Japan and Australia, and the risk–return profile assessed by private investors. Critical mineral projects typically take more than a decade to progress from discovery to production (often 10–15 years), while underlying commodity markets remain volatile and policy-driven timelines for establishing resilient supply chains do not align with the commercial development timelines of new projects.

There is a clear need for coordinated bilateral support from the Japanese and Australian Governments to bridge this timing mismatch between strategically required supply and commercially viable supply, implemented through Export Finance Australia, **JBIC** and **JOGMEC** to progress new projects through to commercialisation via a combination of:

- early-stage equity to fund initial development
- long-term debt funding at concessionary interest rates
- guaranteed minimum offtake volumes
- floor pricing mechanisms to support project bankability

Australia’s *Critical Minerals Strategy 2023–2030* is aimed at positioning the country as a globally significant producer of both raw and processed critical minerals. In 2025, policy focus moved from discovery and mapping toward supply resilience, most notably through the proposed establishment of a ‘Critical Minerals Strategic Reserve’ (CMSR). While design details remain under development, the reserve is expected to incorporate price-support mechanisms and commence operation from 2026.

Australia is well placed to supply raw critical minerals, but is not structurally cost-competitive in many downstream processing steps, given energy, labour and compliance costs, and, in some cases, emissions intensity of processing itself. As a result, large-scale domestic processing faces significant commercial challenges without sustained policy support or tight, multi-decade integration with downstream demand partners. In this sense, processing constraints are not purely a limitation, but a focal point for Australia-Japan economic security cooperation.

Critical mineral classifications vary between countries reflecting different supply risk assessments and strategic priorities. Japan’s **METI** designates 35 minerals as critical, whereas Australia’s DISR lists 31 minerals (or groupings of minerals) as critical with a further 6 minerals, such as copper and zinc, identified as ‘strategic’ – meeting the criteria of “critical”, but with supply chains sufficiently established to meet current demand.⁴⁵

In June 2025, Japan along with all G7 countries adopted the *G7 Critical Minerals Action Plan*, reinforcing Japan’s strategic focus on diversified supply chains. In November 2025, JBIC signed an updated cooperation MOU with the Queensland Government. This builds on a long track record of support in the state, including financing linked to the Gladstone/Curtis Island LNG value chain and longstanding Japanese participation in Queensland resource projects. The MOU represents an extension of an established relationship rather than a greenfield initiative. This is also consistent with Japan’s focus on Queensland as a practical jurisdiction for processing-linked critical minerals development.

Taken together, these developments point to growing alignment between Australian and Japanese approaches, not necessarily in the precise minerals prioritised, but in the shared objective of building resilient supply chains across emerging strategic materials.

The modest scale of many critical mineral projects means that offtake alone is rarely sufficient to secure private funding, highlighting why strong policy guidance and interventions such as reserves, strategic financing and public partnerships will be increasingly central to project development. However, public support cannot extend to the full pipeline of proposed projects. In effect, policy settings will need to be selective and targeted in allocating support to priority developments most likely to advance national supply chain resilience, while others continue to compete for commercial backing.

⁴⁵ Department of Industry, Science and Resources, *Australia’s Critical Minerals List and Strategic Materials List*, updated 20 February 2024: <https://www.industry.gov.au/publications/australias-critical-minerals-list-and-strategic-materials-list>; METI, Japan’s new international resource strategy to secure rare metals: https://www.enecho.meti.go.jp/en/category/special/article/detail_158.html

Critical minerals don't fit the traditional Japanese trading house model

Japanese trading houses (**Mitsubishi Corporation**, **Mitsui & Co.**, **ITOCHU**, **Sumitomo Corporation**, **Marubeni**, **Sojitz** and **Toyota Tsusho**) alongside mining/industrial groups such as Sumitomo **Metal Mining** and **JX Advanced Metals** have long relied on deep relationships with major global miners to secure access to bulk commodity supply through expansions and new developments.

This model has historically worked well in commodity markets with high volumes, established price benchmarks and deep trading relationships such as iron ore, metallurgical coal, LNG, copper, zinc and nickel. In these markets, scale enables low margin aggregation and long term partnerships provide access to both greenfield and brownfield opportunities.

Almost all critical minerals, however, sit outside this traditional framework. Their smaller market size and project scale mean they are often developed by single-asset small or mid-cap companies with limited balance sheets and less established trading relationships. These markets are also typically more volatile and offer less volume for aggregation, making investment decisions more complex on a risk-weighted basis, despite the shared geopolitical imperative in Australia and Japan to build secure supply chains.

This dynamic is compounded by a shift in global commodity flows. Over the past two decades, China has overtaken Japan as the largest buyer of iron ore, coal and LNG, and is now the dominant consumer of most critical mineral feedstocks. Producers increasingly have alternative (and in some cases larger) customer bases available.

As a result, participation has tended to shift toward targeted partnerships and value-chain alignment. The lithium sector provides a clear example: one of the most significant Japan-Australia collaborations has been between an Australian producer (ASX-listed Orocobre, which subsequently became Arcadium Lithium⁴⁶) and **Toyota Tsusho**, whose involvement reflects downstream integration with the **Toyota Group** rather than reliance on a traditional trading house-led model.

Over time, Japanese engagement in the sector has therefore evolved toward:

- staged equity participation (eg **Idemitsu**, **JX Advanced Metals**)
- feasibility-stage funding (eg **Japan Oil, Gas, Metals National Corporation (JOGMEC)**-backed initiatives)
- downstream processing partnerships (eg **Toyota Tsusho** lithium value chain),

rather than large-scale upstream ownership. This reflects the structural realities of the critical minerals sector, where smaller project scale and longer development timelines favour incremental engagement over outright ownership.

Legacy partnerships— including **Sojitz** and **JOGMEC's** long-standing support of ASX-listed Lynas Rare Earths and **Toyota Tsusho's** lithium alliances – illustrate how Japan has historically navigated these constraints through strategic alignment rather than scale.

2025 saw incremental, project-level investments by players such as **Sumitomo Corporation**, **Sojitz**, **Marubeni** and **Iwatani**, reflecting a continued preference for balancing geopolitical supply objectives with commercial risk discipline.

Two particularly significant developments involved the deepening of existing strategic partnerships.

- **Fluorite and Tungsten - Speewah Alliance: Sumitomo Corporation** advanced its 2024 strategic alliance with Tivan by forming an incorporated joint venture for the Speewah Fluorite Project in Western Australia through **Japan Fluorite Corporation** (51% **Sumitomo**/49% **JOGMEC**). The initial \$5.3 million investment secured a 7.5% interest, with the potential to increase to 22.5% through staged investment. The partners also signed MOUs covering development across the broader Speewah district, including Sandover (fluorite) and Molyhil (tungsten/molybdenum), signalling growing Japanese interest in specialty industrial minerals with defence and energy-transition applications.
- **Gallium - Processing-Led Supply Chain Development: Sojitz and JOGMEC**, who partnered in the 2011 financing of ASX-listed Lynas Rare Earths through **JARE**, advanced a feasibility initiative through **Japan Australia Gallium Associates (JAGA)** to support potential gallium production at Alcoa's Wagerup alumina refinery in Western Australia. Gallium's importance to semiconductor and defence supply chains saw the project subsequently attract participation from both the Australian and United States governments under the Critical Minerals Framework, positioning it as a trilateral initiative. With both governments claiming offtake rights as a result of their participation, the ongoing role of **JAGA** is unclear.

The Lynas project now supplies approximately 30% of Japan's rare earth requirements and around 90% of its light rare earths, including neodymium and praseodymium, significantly reducing Japan's reliance on Chinese supply.

⁴⁶ Rio Tinto acquired Arcadium Lithium in March 2025.

In October 2025, **Sojitz** commenced imports of heavy rare earths from Lynas, marking the world's first operational non-Chinese heavy rare earth supply chain based on Australian ore processed in Malaysia. Japan has secured rights to up to 65% of Lynas's heavy rare earth output through 2038. Overall, Japan's dependence on Chinese rare earths has dropped from above 90% to below 60%. Recycling has also become an additional source of supply security, including for minerals such as gallium, with Japan sourcing around 50 tonnes per year from recycling and reducing import requirements to roughly 100 tonnes a year.⁴⁷

Beyond these headline developments, 2025 activity reflected continued Japanese participation across a range of early-stage projects.

- **Mineral sands/heavy minerals:** At RZ Minerals' Copi mineral sands project in the New South Wales portion of the Murray Basin:
 - **JX Advanced Metals** invested \$20 million in equity, plus \$5 million in convertible funding (with further equity options).
 - **Marubeni** invested \$15 million for marketing rights and future equity options (3.375% with prospect of raising it to 5% through additional investment).

Separately, **Mitsui & Co.** entered into a non-binding Letter of Interest with ASX-listed VHM Limited for potential offtake of 40% of heavy mineral concentrate (HMC) from the Goschen project in north-west Victoria for an initial three year term. The proposed arrangement relates to Goschen's mineral sands stream (including zircon and titanium-bearing products) rather than the rare earth products VHM also intends to produce. The LOI also contemplates a possible **Mitsui & Co.** trade finance facility, subject to due diligence.

- **Battery and processing chain:** **Iwatani** progressed its partnership with ASX-listed Cobalt Blue toward development of the Kwinana cobalt refinery, with the potential to secure a 30% interest at FID. **Nissan Chemical** advanced feasibility work with Element 25 on high-purity manganese sulphate production in Japan using Australian feedstock. **UACJ** extended collaboration with Sunrise Energy Metals on aluminium-scandium alloy development.
- **Rare earths and downstream integration:** **Sumitomo Corporation** signed a non-binding letter of intent with ASX-listed Victory Metals for potential long-term supply from the North Stanmore heavy rare earth project. In October 2025, **Sojitz** reported that it had commenced importing heavy rare earth products produced by Lynas into Japan from Australian-sourced ore separated in Malaysia – a practical step in operationalising non-China rare earth supply chains, building on longstanding

support by **Sojitz** and **JOGMEC** through **Japan Australia Rare Earths (JARE)**.

The inclusion of nickel in the Australian Critical Minerals List in early 2024 was, in part, a response to market distortions created by Indonesia's export restrictions and downstream strategy. These developments continue to shape investment thinking in 2025. Nickel remains of strategic interest to Japanese investors given its role in electric vehicle battery supply chains. While no new bilateral policy initiatives specific to nickel were announced during the year, existing collaborations continued to progress, including Japanese participation in projects such as ASX-listed Ardea Resources' Kalgoorlie Nickel Project through **Sumitomo Metal Mining** and **Mitsubishi Corporation (with JOGMEC support)**.

Other minerals

While 2025 activity was concentrated in bulk commodities and critical minerals, Japanese investors also maintained targeted engagement across a range of base and industrial mineral opportunities.

Copper-gold

Sumitomo Metal Mining advanced its partnership with Rio Tinto through the Winu copper-gold project in Western Australia. Under the agreed joint venture framework, **Sumitomo Metal Mining** will invest up to \$430.4 million for a 30% interest in the project, with Rio Tinto continuing as operator. The transaction reflects ongoing Japanese interest in long-life copper exposure, given its importance to electrification and industrial supply chains.

Graphite

Idemitsu increased its existing exposure to Queensland-based private company Graphinex through participation in a capital raising round supporting development of graphite anode materials.

This investment aligns with Idemitsu's broader positioning across battery-related industrial inputs rather than upstream mining alone.

Aluminium alloys

UACJ Corporation extended its collaboration with ASX-listed Sunrise Energy Metals to co-develop aluminium-scandium alloys for automotive applications, highlighting continued Japanese interest in advanced material applications rather than primary extraction.

Manganese processing

Nissan Chemical progressed its partnership with ASX-listed Element 25, completing a scoping study for a proposed high-purity manganese sulphate facility in Chiba, Japan using Australian feedstock. The partners have now advanced to feasibility-stage work targeting a final investment decision by mid-2026.

⁴⁷ World Economic Forum <https://www.weforum.org/stories/2023/10/japan-rare-earth-minerals/>

Exploration optionality

Sumitomo Metal Mining entered into a term sheet with ASX-listed Miramar Resources covering exploration across the Bangemall nickel–copper–platinum group element (PGE) projects in Western Australia. The agreement provides for staged earn-in rights, reflecting a continued preference for optionality-led entry into early-stage opportunities.

Uranium

There were no new investments in uranium in 2025. Japanese uranium demand may increase over the medium term as the government signals greater support for nuclear power under Prime Minister Takaichi. Japan’s 7th Strategic Energy Plan (7th SEP)⁴⁸ envisages nuclear power contributing around 20% of the country’s electricity generation mix by FY2040, reinforcing the policy push to restart reactors and maintain nuclear capacity within the energy system. All 54 of Japan’s nuclear reactors were shut down following the Fukushima disaster on 11 March 2011, and 21 were permanently decommissioned. Since 2015, Japan has gradually restarted 15 of the remaining 33 operable reactors.

Strategic context

Japan dropped one place to become the world’s fourth-largest steel producer (behind China, India and the United States), with annual output of 80.67Mt. While China and India dominate global production, accounting for 960mtpa and 165mtpa respectively, Japan’s continued reliance on blast furnace production ensures ongoing demand for high-quality metallurgical coal.

The incremental acquisitions seen in 2025 are best understood not as opportunistic expansion, but as the continuation of a decades-long strategy to anchor access to premium hard coking coal through equity participation in Australia’s most competitive basin.

As steel decarbonisation pathways evolve, Japanese investors are simultaneously pursuing:

- upstream security of metallurgical coal supply, and
- downstream investment in emerging low-carbon steel technologies.

In the near to medium term, these strategies are complementary rather than substitutive. Until scalable alternatives to blast furnace steelmaking are deployed, ownership stakes in metallurgical coal assets are expected to remain a core pillar of Japan’s resource investment strategy in Australia.

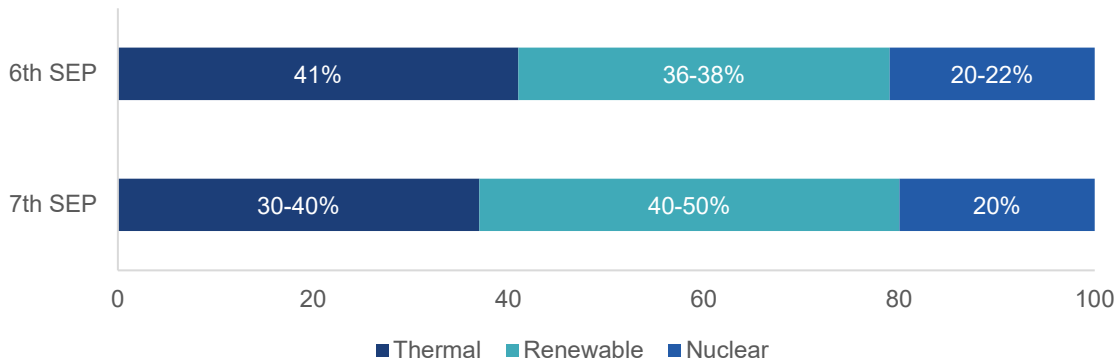
Critical mineral / scientific element	Commercial and strategic applications	Principal Australian state(s) / territory
Lithium (Li)	EV batteries, grid-scale battery storage, and consumer electronics.	Western Australia (WA), with minor resources in the Northern Territory (NT)
Rare earth elements	Permanent magnets, refinery catalysts, and high-performance ceramics.	WA, NT, New South Wales (NSW) and Victoria (VIC)
Nickel (Ni)	Battery precursor materials, stainless steel, and specialty alloys.	WA
Cobalt (Co)	Rechargeable batteries, aerospace-grade superalloys, and gas turbines.	WA, with material resources in Queensland (QLD) and NSW
Graphite (crystalline carbon (C))	Battery anodes, electronics, lubricants, composites.	South Australia (SA) primarily, with WA and QLD also important
Manganese (Mn)	Steelmaking, aluminium alloys, and battery cathodes.	NT and WA
Vanadium (V)	High-strength steel, vanadium redox flow batteries, and industrial alloys.	WA primarily
Silicon (Si)	Semiconductors, solar photovoltaic (PV) supply chains, and optical fibre.	QLD, WA and SA

⁴⁸ https://www.meti.go.jp/english/press/2025/0218_001.html

Trend 2: Energy (LNG and thermal coal)

Japan’s 7th Strategic Energy Plan (7th SEP)⁴⁹ approved by Cabinet on 18 February 2025, continues to be underpinned by the longstanding “S+3E” framework: Safety, Energy Security, Economic Efficiency and Environment.

Renewable energy as a primary power source under the Seventh Strategic Energy Plan (7th SEP)



While Japan remains committed to long-term decarbonisation, the 7th SEP reflects a pragmatic recalibration of the role of transitional and baseload fuels – particularly LNG and thermal coal – in maintaining system stability amid shifting geopolitical dynamics and emerging structural demand drivers.

Electricity demand in Japan has broadly declined since 2007 due to demographic trends and efficiency gains, but is now expected to reverse. **Japan’s Ministry of Economy, Trade and Industry (METI)** FY2040 outlook projects electricity generated rising from around 1,000 TWh (FY2022) to approximately 1,100-1,200 TWh by 2040, driven largely by digitalisation, electrification and industrial policy priorities. Power consumption is projected to rise materially as a result of digitalisation, including the rapid expansion of data centres, artificial intelligence and semiconductor manufacturing – all of which require stable and dispatchable generation sources.

At the same time, there are emerging questions around the pace at which renewable capacity can be delivered at scale. Cost pressures, supply chain constraints and project execution challenges continue to affect deployment timelines globally. Offshore wind projects in Japan are experiencing rising costs and project viability concerns – a development that underscores the practical challenges associated with achieving ambitious renewable build-out targets. Against this backdrop, the continued availability of flexible and dispatchable fuels is likely to remain critical in ensuring system reliability during the transition.

In this context, LNG and thermal coal continue to play a critical role in ensuring reliable and dispatchable supply

during the transition to a lower-emissions energy mix. Together, LNG and coal currently account for around 60% of Japan’s power generation,⁵⁰ underscoring their continuing importance to system stability. This has reinforced Japan’s focus on securing long-term, politically stable energy partnerships. Japan is one of the world’s largest LNG importers, and its procurement strategy has historically been anchored in long-term contracts (often extending 10-20 years).⁵¹ This structural reliance on long-duration supply arrangements reinforces the importance of stable upstream partnerships and investment-aligned supply chains.

In addition to Australia’s LNG and coal exports, Australia remains central to this strategy. It has long been Japan’s largest energy supplier and currently accounts for over one-third of its total energy imports. Australia supplies 39% of Japan’s LNG imports and 66% of thermal coal imports. Japan’s broader energy import mix includes oil from the United Arab Emirates and Saudi Arabia, LNG from the United States, Qatar and Malaysia, and coal from Indonesia and other regional producers. As new LNG capacity comes online in the United States and Qatar, maintaining Australia’s position will increasingly depend on competitiveness, particularly efficient and predictable project approval processes.

Looking ahead, LNG is expected to remain a cornerstone of Japan’s energy transition strategy, providing flexible lower-emissions capacity to support both baseload and peak demand as renewable penetration increases. Its ability to support grid stability alongside intermittent generation continues to underpin long-term procurement strategies and upstream investment interest.

⁴⁹ https://www.meti.go.jp/english/press/2025/0218_001.html

⁵⁰ International Energy Agency (IEA), *Japan – Energy Mix*, available at: <https://www.iea.org/countries/japan/energy-mix>.

⁵¹ IEA, *Global Gas Security Review 2019* (Paris: IEA, 2019)

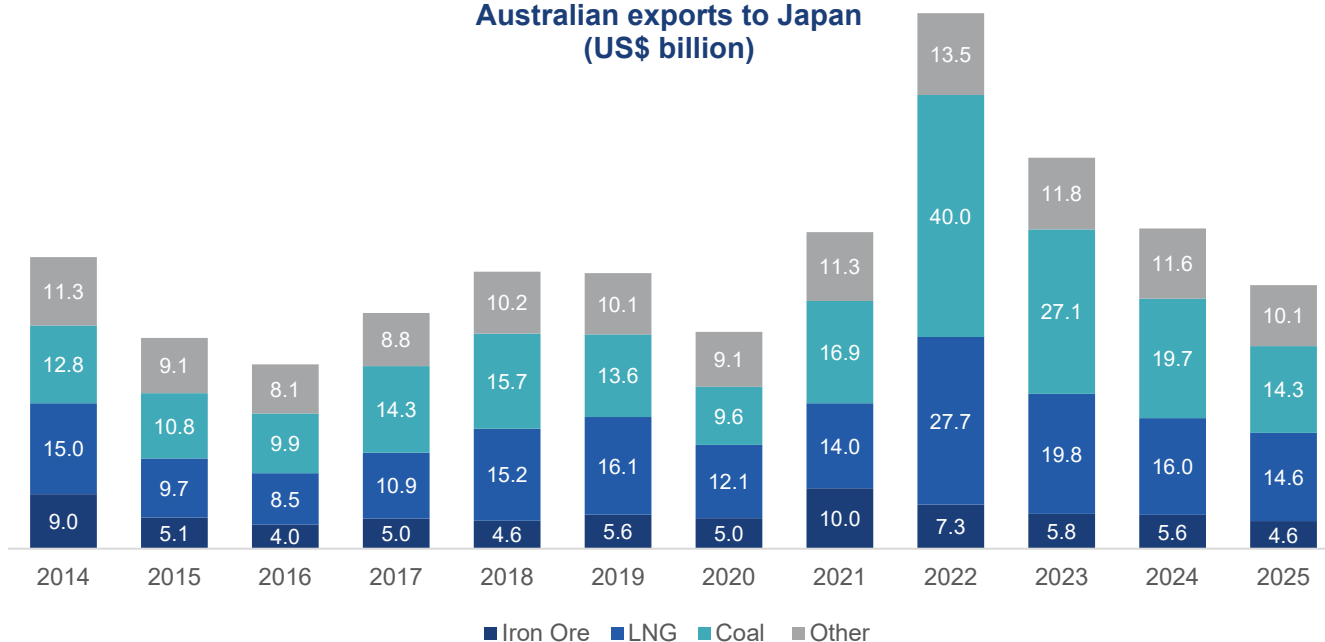
Thermal coal, while declining in relative importance over the medium to long term, is still likely to retain a residual role in Japan’s energy mix in order to ensure system reliability and price stability. This is particularly relevant in periods of demand growth or supply disruption, where dispatchable generation remains critical.

Japan’s own system cost modelling reinforces this outlook. Analysis released by METI in February 2025⁵² indicates that as more renewable power enters the system, the need for flexible, dispatchable generation increases to maintain reliability. In practice, this means thermal power plants (including LNG and coal) are required to operate more dynamically to balance intermittency, rather than simply being phased out in a linear manner. While coal’s share of generation is expected to decline over time, it is likely to continue

playing a stabilising role in the system, increasingly alongside transition pathways such as ammonia co-firing and carbon capture.

For Australia, these dynamics reinforce its position as a trusted supplier of both LNG and high-quality thermal coal, not only as fuels, but increasingly as part of a broader transition pathway supporting reliability in a decarbonising system. The durability of this trade relationship reflects not only resource endowment but also political stability, proximity and longstanding commercial ties. In turn, this is expected to continue supporting Japanese investment across upstream production, offtake-linked infrastructure and associated energy supply chains in Australia, even as Japan progresses toward its longer-term decarbonisation objectives.

Australian exports to Japan (US\$ billion)



LNG

Japan’s LNG dependence and the role of Australia

Japan remains the world’s second-largest LNG importer after China, accounting for roughly 20% of global LNG demand. Japan has very few natural resource endowments and domestic energy self-sufficiency of just 16.4%, meaning it is dependent on imported gas for electricity generation, industrial heat demand and broader economic activity. China became the world’s largest LNG importer in 2021, intensifying competition for long-term supply, reinforcing Japan’s continued reliance on equity

participation in LNG projects and long-term offtake agreements to ensure energy security.

Following the decline of nuclear power generation after the Fukushima disaster in 2011, LNG has become particularly important as a dispatchable fuel capable of balancing intermittency in renewables. LNG underpins Japan’s ability to maintain grid reliability during periods of peak demand, especially in winter, and continues to be viewed by policymakers as a critical transition fuel supporting energy security as Japan decarbonises. Increasingly, major industry stakeholders regard LNG as a *destination fuel* expected to remain part of the energy mix well beyond 2050.⁵³

⁵² METI, Power Generation Cost Verification Working Group – Final Report, 6 February 2025: https://www.enecho.meti.go.jp/committee/council/basic_policy_subcommittee/mitoshi/cost_wg/pdf/cost_wg_20250206_01.pdf

⁵³ Source: JOGMEC: https://oilgas-info.jogmec.go.jp/nglng_en/datahub/dh2025/1010409.html

Japanese LNG procurement is typically coordinated through a combination of Japanese utilities, trading houses and government-linked institutions, with equity participation in upstream projects together with long-term offtake contracts to secure stable supply.

Japanese government and industry representatives engaged actively with Australia's Future Gas Strategy process, while noting concern that Australian policy settings do not yet clearly position LNG as part of the energy mix beyond 2050. In Japan, energy policy has been framed through the lens of the "energy trilemma", balancing security, affordability and decarbonisation, with growing emphasis on security in light of geopolitical volatility and Japan's structural dependence on imported energy.

Despite concerns, Japanese investors are seeking to expand their participation across Australia's LNG value chain, from upstream equity to midstream infrastructure and downstream market access, underscoring continued confidence in Australia as a core long-term supply partner.

Australia has long been the cornerstone supplier of LNG to Japan. In 2025, Australia accounted for approximately 39% of Japan's LNG imports, making it the largest single source of supply by far. This position reflects not only Australia's scale of production, but also its geographic proximity to Japan and the long-standing commercial relationships that exist between Australian LNG projects and Japanese utilities and trading houses.

Many Japanese corporations hold equity interests across Australian LNG value chains, reinforcing supply security through both contractual and ownership links. Australia's importance to Japan extends beyond its share of supply. Its geographic closeness reduces shipping time and logistical risk compared with Atlantic Basin exporters, while the maturity of Australia's LNG infrastructure provides operational stability valued by Japanese buyers. Long-term offtake agreements and equity participation by Japanese companies across Australian LNG projects have created a deeply integrated supply relationship central to Japan's energy security strategy. In effect, Australian LNG has functioned as a foundational pillar of Japan's procurement framework.

At the same time, Japanese policymakers are increasingly focused on evolving how long-term LNG is procured and delivered. METI used its convening role during 2025 to emphasise procurement flexibility as a core component of future LNG strategy. At the LNG Producer–Consumer Conference held in Tokyo in June 2025, policymakers highlighted emerging contractual models – including seasonal or winter-focused supply structures – designed to align LNG imports more closely with peak demand periods. This reflects a gradual shift away from traditional rigid, year-round supply contracts toward more dynamic procurement mechanisms capable of responding to demand fluctuations and geopolitical

uncertainty, while retaining the security benefits of long-term arrangements.

Japan also sources LNG from a diversified group of exporters, including Malaysia, Qatar, the United States, Russia, Brunei and Papua New Guinea. Russia, despite geopolitical sensitivities, has still supplied roughly 9% of Japan's LNG imports in recent years, and Japan receives 18% of Russia's LNG exports, underscoring the importance Japan places on diversification alongside reliability. Supply Security and Procurement Strategy

2025 saw a number of policy and market developments highlighting the continued strategic importance of LNG to Japan. METI remained focused on strengthening procurement resilience in an increasingly volatile global energy environment. A key initiative was Japan's decision to expand its Strategic Buffer LNG (SBL) arrangements, with plans to increase emergency reserve procurement to at least one cargo per month from early 2026. This move reflects structural realities in Japan's energy system. Unlike Europe, Japan lacks extensive underground gas storage capacity and must therefore rely on contractual and floating buffer arrangements to manage supply shocks. This emphasis on resilience reflects broader expectations among Japanese energy companies that LNG demand will remain structurally strong, with some corporate outlooks anticipating material growth through the 2030s and into mid-century.

This evolving emphasis on procurement flexibility was reflected in commercial developments during the year, including JERA and Woodside's Heads of Agreement for the supply of approximately 200,000 tonnes of LNG annually during Japan's winter peak demand period from 2027 for a minimum of five years.

Developments during 2025 also demonstrated the extent to which Australian policy uncertainty has become a source of concern for Japanese LNG buyers, who signalled sensitivity to potential policy shifts in supplier jurisdictions – including Australia – particularly in the lead-up to the May 2025 Federal election where domestic gas reservation and export policy settings were under scrutiny. This included discussion around potential expansion or tightening of the *Australian Domestic Gas Security Mechanism* (ADGSM), and the broader question of whether an East Coast-style reservation framework (15%-25% of gas in new contracts being reserved for domestic use from 2027) could be applied more systematically. Though no formal reservation regime was introduced in 2025, the policy debate itself reinforced perceptions of regulatory risk among Japanese utilities and trading houses.

While Australia remains Japan's single most important LNG partner, these developments reinforced Japan's long-standing strategy of maintaining a diversified portfolio of LNG suppliers. This diversification imperative was also evident in corporate portfolio adjustments. For example, O.G. Energy, the oil and gas division of

Monaco-based Ofer Global, acquired **Mitsui & Co's** interests in the Otway Basin joint ventures (including the Athena Gas Plant), illustrating the recycling of Japanese capital within Australian upstream gas assets rather than signalling a strategic exit from Australian gas.

Global LNG shipping and export context

Australia's position as a leading global LNG exporter sits within an increasingly competitive landscape. Australia remained one of the world's top three LNG exporters (alongside the United States and Qatar) exporting approximately 79 Mt of LNG in 2024-25.⁵⁴ Japan remains Western Australia's largest LNG trading partner by volume, accounting for around 40% of the state's LNG exports in 2025. LNG export earnings are forecast to decline from \$65 billion (2024-25) to \$54 billion (2025-26) and \$48 billion (2026-27), driven primarily by weaker prices.⁵⁵

Japanese companies hold equity interests across most of Australia's LNG export projects, reflecting a long-standing strategy of securing supply through upstream participation alongside long-term offtake arrangements. Exports are driven by ten major LNG projects in Australia (North West Shelf, Darwin, Pluto, Gorgon, Queensland Curtis, Wheatstone, Australia Pacific, Gladstone, Prelude, Ichthys). Most of these projects have Japanese equity participation and/or long-term offtake arrangements – for example through **INPEX** (Ichthys) and the 50:50 MIMI joint venture between **Mitsui & Co.** and **Mitsubishi Corporation** which holds a one-sixth interest in the North West Shelf Project – reinforcing Japan's integrated role across Australia's LNG value chain.

That longer-dated optionality is also reflected in the proposed Browse development in the offshore Browse Basin north-west of Western Australia, where **Mitsui & Co.** and **Mitsubishi Corporation** participate (via MIMI) with a 14.4% interest. The project is progressing through regulatory approvals and has not yet reached final investment decision or construction, but remains strategically significant because Woodside's development concept would link the resource to the North West Shelf, illustrating how Japanese participation extends beyond current LNG production into prospective future supply.

That integration, however, does not insulate Australia from competitive pressure. Emerging CCS-linked LNG developments in Southeast Asia (including Malaysia, Vietnam and Indonesia) are increasingly viewed as potential competitive alternatives should Australia's regulatory timelines remain extended.

There are now close to 900 LNG carriers and floating LNG-related units in operation globally (including FSRUs, FLNG and floating storage), with an orderbook of around 295 LNG-related units recorded as at September 2025.

Japanese policy and investment perspectives

In 2025, public and semi-official commentary from Japan continued to emphasise LNG as a pillar of energy security while highlighting concern about Australia's evolving policy settings. Ahead of the May 2025 Australian federal election, Japanese LNG buyers were reported as increasingly uneasy about the prospect of expanded domestic gas reservation and other interventions that could reduce export availability or increase regulatory uncertainty.

These issues also featured at the government-to-government level: METI's release on the 41st Japan-Australia Resources and Energy Dialogue in August 2025 noted discussion of the investment environment for LNG, underscoring how central regulatory stability had become to the bilateral energy agenda.

Against this backdrop, Japanese corporate strategy increasingly reflected a "hedging" posture – most notably through **JERA's** June 2025 long-term US LNG arrangements, publicly framed as rebalancing its portfolio away from Australia in response to perceived regulatory and policy risk, including uncertainty around future domestic gas reservation settings and project approval timelines.

At the same time, Japanese public financing institutions have continued to support CCS-related cooperation frameworks in Australia, including **JBIC** and **JOGMEC** engagement with the Northern Territory covering CCUS/CCS initiatives. However, perceptions remain that Australia's policy support for CCS is less developed than that of some regional peers, reinforcing broader investor sensitivity to the pace and clarity of regulatory settings affecting long-term LNG competitiveness.

Australian policy and project developments

The LNG industry underpins a major component of Australia's economy, directly employing around 30,000 full-time workers, supporting approximately 215,000 jobs in downstream industries, and contributing around 3.7% of national GDP.

In 2025, the Australian Government progressed implementation of the Future Gas Strategy through consultation on gas market reforms and enhanced transparency measures, while project-approval settings remained contested. In policy terms, gas is increasingly no longer treated as a "four-letter word" in Canberra, with the Future Gas Strategy reflecting broader acceptance within government that LNG will remain an integral component of the energy transition. This framing has also been echoed in senior government commentary, which has emphasised the role of gas in supporting the transition to renewables. The Future Gas Strategy has been interpreted by industry as a positive signal that gas

⁵⁴ Department of Industry, Science and Resources

⁵⁵ Department of Industry, Science and Resources

is recognised as integral to the transition. However, gas project developers remain concerned that future exploration opportunities including access to new acreage may be required to sustain long-life projects and potential expansions.

Most notably, the Australian Federal Environment Minister issued conditional approval (May 2025) and final approval (September 2025) for Woodside's North West Shelf Project Extension to 2070 covering a project that currently supplies around 4-5% of global LNG, subject to stringent conditions. Litigation risk remained elevated: the Australian Conservation Foundation flagged a Federal Court challenge to the NWS approval, while separate proceedings concerning Woodside's Scarborough project resulted in the Federal Court upholding the regulator's acceptance of the project's environment plan in August 2025. The Government also issued a policy statement in December 2025 on reducing offshore venting and flaring, explicitly tied to Future Gas Strategy commitments.

Japanese commercial and operational developments

In 2025, Japanese involvement in Australian LNG was characterised less by equity reshuffling and more by commercial structuring, project execution, and operational/regulatory developments. **INPEX's** strategic agreement with the Northern Territory Government covering the long-term operation of the Ichthys LNG facility – including local skills, trade and environmental initiatives – underscored the increasing importance of operational certainty alongside capital ownership. In parallel, **INPEX** has expanded its lower-carbon investment footprint in Australia through its participation in Potentia Energy – a joint venture renewable platform which in 2025 completed the acquisition of a portfolio exceeding 1GW of wind, solar and storage assets – supporting its broader strategy to reduce the carbon intensity of LNG supply chains.

JERA and Woodside announced a winter-only LNG supply framework (Heads of Agreement) designed to secure Japan's peak-season needs from FY2027, highlighting the growing emphasis on procurement flexibility and seasonal alignment of supply.

On the supply-side, Santos' Barossa project (where **JERA** is a partner) achieved a key commissioning milestone when the BW Opal floating production storage and offloading unit (FPSO) received first gas in September 2025, materially advancing the project toward LNG production and improving line-of-sight to future volumes supplying Darwin LNG through the 2030s,

including contracted deliveries into Japan. Japanese investors are also directly involved in the midstream infrastructure supporting the project: the FPSO is owned through an equity joint venture in which ICMK Offshore Investment Pte Ltd (a 50:50 joint venture between **ITOCHU** and **Meiji Shipping**) holds a 25% interest.

In addition, **Mitsui & Co.** announced completion of Stage 2 of the Waitsia Gas Project in Western Australia, with commercial gas production commencing in December 2025 from the new Waitsia Gas Plant (**Mitsui & Co.** owns 50% and is operator). Waitsia will access LNG export markets by tolling through the NWS facilities, in which **Mitsui & Co.** also participates through MIMI.

Strategic direction

For investors, these developments matter because they reinforce the way Japanese counterparties are now managing LNG risk: not only through equity participation, but through greater contracting flexibility, clearer project line-of-sight, and stronger operating certainty. The winter-only supply framework between **JERA** and Woodside is a practical example of Japan's push to better match procurement to seasonal peak demand and reduce exposure to spot-market volatility during winter tightness. At the same time, Barossa's progression into the first-gas/commissioning phase in 2025 materially de-risks future supply into Darwin LNG and supports Japan's preference for stable, long-duration, Asia-Pacific LNG supply chains. In this context, the competitiveness of Australian LNG may depend not only on resource availability but also on the pace of approvals and the development of integrated CCS solutions.

For long-life projects like Ichthys, the emphasis in 2025 on government engagement and emissions/compliance transparency is increasingly relevant to Japanese utilities and trading houses because it underpins both security of supply and acceptability of LNG within evolving decarbonisation frameworks – a dual mandate that is shaping procurement decisions across Japan's power and gas sector.

Together, these developments illustrate a shift in Japanese LNG strategy from pure equity exposure toward a more diversified toolkit encompassing portfolio optimisation, flexible contracting and long-term operational alignment. At the same time, maintaining LNG's long-term role within a decarbonising energy system increasingly depends on the development of CCS solutions.

Major Australian LNG assets with Japanese Involvement (operating/under-construction)⁵⁶

Asset	Operator (LNG facility) ⁵⁷	Capacity (Mtpa)	Japanese involvement
North West Shelf Plant (Karratha Gas Plant) <i>Western Australia</i>	Woodside	~16.3	<ul style="list-style-type: none"> • Mitsui/Mitsubishi – equity participants (combined ~16.67%) • Tokyo Gas – long-term LNG offtaker
Gorgon LNG Project <i>Western Australia</i>	Chevron	15.6	<ul style="list-style-type: none"> • Osaka Gas – equity participant (~1.25%) • JERA – equity participant (~0.417%)
Australia Pacific LNG (APLNG) <i>Queensland</i>	ConocoPhillips (LNG facility) Origin (upstream)	Up to 9.0	<ul style="list-style-type: none"> • Kansai Electric – long-term LNG offtaker
Ichthys LNG <i>Northern Territory</i>	INPEX	~ 8.9	<ul style="list-style-type: none"> • INPEX – operator and majority sponsor (~67.82%) • Osaka Gas – equity participant (~1.2%) • Kansai Electric – equity participant (~1.2%) • JERA – equity participant (~1.2%) • Toho Gas – equity participant (~0.4%)
Wheatstone Project <i>Western Australia</i>	Chevron	8.9	<ul style="list-style-type: none"> • JOGMEC/Mitsubishi/NYK/JERA – consortium equity participants (aggregate ~10%) • Kyushu Electric – long-term LNG offtaker • Tohoku Electric – long-term LNG offtaker
Queensland Curtis LNG (QCLNG) <i>Queensland</i>	Shell	8.5	<ul style="list-style-type: none"> • Tokyo Gas – 2.5% Train 2 equity/long-term LNG offtaker • Tokyo Gas – 1.25% upstream interest
Scarborough Energy Project/Pluto Train 2 (under construction) <i>Western Australia</i>	Woodside	~ 5.0 (Train 2)	<ul style="list-style-type: none"> • JERA – equity participant (~15.1%) in Scarborough Gas Project • LNG Japan (Sumitomo Corporation/Sojitz JV) – equity participant (~10%) • JOGMEC – loan guarantee support backing LNG Japan's equity participation
Pluto LNG <i>Western Australia</i>	Woodside	4.9	<ul style="list-style-type: none"> • Kansai Electric – equity participant (~5.0%) • Tokyo Gas – long-term LNG offtaker
Darwin LNG <i>Northern Territory</i>	Santos	3.7	<ul style="list-style-type: none"> • INPEX – equity participant (~11.4%) • JERA – equity participant (~6.13%) • Tokyo Gas – equity participant (~3.07%)
Barossa Gas Project (backfill to Darwin LNG)⁵⁸ <i>Northern Territory</i>	Santos	–	<ul style="list-style-type: none"> • JERA – equity participant (12.5%)
Prelude FLNG (Floating LNG Facility) <i>Offshore Western Australia</i>	Shell	3.6	<ul style="list-style-type: none"> • INPEX – equity participant (~17.5%)

⁵⁶ Sources: JOGMEC 2024 disclosures (https://oilgas-info.jogmec.go.jp/nglng_en/datahub/dh2025/1010409.html); Department of Industry, Science and Resources (<https://www.industry.gov.au/sites/default/files/2026-01/disclosure-log-2026-004-300219M.pdf>).

⁵⁷ Refers to the LNG facility unless otherwise stated.

⁵⁸ Barossa Gas Project is the primary backfill gas supply source for Darwin LNG.

Japanese view of Carbon Capture and Storage (CCS)

A practical illustration of this approach is the **INPEX**-led Bonaparte Carbon Capture and Storage Project offshore northern Australia, which received Major Project Status in 2025 and is advancing into pre-Front End Engineering and Design (pre-FEED). The project is designed to enable large-scale permanent CO₂ storage associated with LNG operations and reflects a deliberate effort by Japanese stakeholders to sustain LNG’s long-term role within a decarbonising energy system.

More broadly, Japanese policymakers approach decarbonisation through a technology-neutral lens – prioritising emissions reduction outcomes rather than prescribing specific energy pathways. CCS therefore plays a central role in Japan’s strategy to maintain LNG within its future energy mix, provided emissions can be captured and stored effectively.

Australia is increasingly viewed as a potential partner in this approach. Federal legislation passed in 2023 enabling the import of CO₂ for storage has created the legal foundation for cross-border CCS value chains, while Australia’s depleted gas fields offer substantial long-term storage potential. In parallel, Japan approved the amendment to the 2009 London Protocol in May 2024, lifting restrictions on the export of CO₂ for sub-seabed storage and establishing the legal framework for cross-border CCS transport and storage.

Several CCS projects are now progressing across Australia at different stages of development, ranging from operational storage facilities to early-stage hub developments designed to support multiple industrial emitters. These projects illustrate both the scale of Australia’s geological storage potential and the gradual emergence of a CCS ecosystem capable of supporting LNG and other industrial decarbonisation pathways.

Major CCS projects in Australia

Project	Participants	Status	Key Details
Gorgon CCS <i>Barrow Island, WA</i>	Chevron (operator), ExxonMobil, Shell	Operational (since 2019)	Integrated with Gorgon LNG. One of the world’s largest CCS projects with more than 11 million tonnes of CO ₂ stored as at 2025.
Moomba CCS <i>Cooper Basin, SA</i>	Santos, Beach Energy	Operational (since Oct 2024)	Uses depleted reservoirs. 1.7 Mt CO ₂ injection capacity per year; over 1 million tonnes injected by mid-2025.
CarbonNet <i>Gippsland Basin, VIC</i>	Victorian Government	FEED completed (2024)	Multi-user CO ₂ transport and storage network. Planned 6 Mt per year injection capacity.
Bonaparte CCS <i>Offshore NT</i>	INPEX, TotalEnergies, Woodside	Pre-FEED	Large-scale CCS hub concept designed to support Ichthys LNG and regional industrial sources. Potential >10 Mt per year storage capacity.

The Bonaparte project also illustrates the structural complexity of developing CCS in Australia. Approval pathways are estimated to take a minimum of nine years, and evolving environmental law settings prompted **INPEX** to temporarily withdraw the project from federal environmental review in 2025 pending greater regulatory clarity.

For LNG operators, CCS deployment is also increasingly shaped by Australia’s regulatory environment. The strengthening of the Safeguard Mechanism has effectively made emissions management a core commercial consideration for LNG projects. From the perspective of project operators, however, this introduces significant additional costs and can materially affect project economics. Retrospective changes to regulatory settings are sometimes perceived by investors as a form of “moving the goalposts”, which can heighten perceptions of political or regulatory risk in long-lived capital-intensive projects such as LNG and CCS infrastructure.

In this context, Japanese investors often prioritise economic competitiveness and regulatory certainty when evaluating LNG-linked investments. While CCS is widely viewed in Japan as an important long-term decarbonisation pathway, it is typically assessed within the broader commercial framework of LNG project economics. As a result, the pace of CCS deployment may depend not only on technological readiness but also on policy frameworks capable of supporting project returns, including government-backed risk-sharing mechanisms such as the Regulated Asset Base (RAB) model used in the United Kingdom for CO₂ transport and storage infrastructure.

Supporting infrastructure is also emerging. Vopak, a Netherlands-based global tank storage operator, has entered into an agreement with the Northern Territory Government to develop a 5 million tonne per year common-user CO₂ terminal in Darwin, designed to support Bonaparte and other CCS initiatives.

Beyond Bonaparte, Japanese-linked CCS collaboration is expanding across multiple Australian jurisdictions:

- **CarbonNet (Victoria)** – The Gippsland Basin CCS project is progressing toward commercialisation following completion of FEED in 2024. The project has attracted Japanese engagement through **JOGMEC** and has signed cooperation agreements with **JCOAL** and **Japan CCS Co.**
- **DeepC Store (Western Australia)** – Japanese venture capital firm **Incubate Fund** has invested in the floating CCS concept, illustrating emerging private-sector interest in CCS technology development.

International experience continues to shape Japanese expectations. CCS is already deployed at scale in jurisdictions such as Norway, where long-standing storage projects including Sleipner and Northern Lights demonstrate the viability of cross-border carbon transport and permanent offshore storage. For Japanese stakeholders, these precedents reinforce CCS as a practical emissions-reduction pathway capable of sustaining LNG within a decarbonising system.

Looking forward, Japanese LNG stakeholders increasingly view CCS as central to LNG's long-term viability rather than as a transitional extension, shaping investment preferences across upstream supply chains. But investment decisions remain highly sensitive to project economics and regulatory certainty. As a result, the future competitiveness of Australian LNG may depend not only on the pace of approvals and the development of integrated CCS solutions, but also on maintaining stable policy settings capable of supporting large-scale, long-duration investment.

Australian view of CCS

In Australia, debate around CCS is often framed in terms of whether stakeholders “believe” in the technology. This framing risks introducing an unnecessary ideological overlay to what is fundamentally a policy and deployment question.

Australia's decarbonisation strategy has historically placed greater emphasis on renewables-led pathways, which has contributed to a more cautious approach toward CCS, particularly where it may extend the commercial life of LNG and other fossil fuel-based energy sources.

At the same time, CCS remains an area of strong potential complementarity between Australia and Japan. Australia offers geological storage capacity, while Japan brings industrial demand and capital.

The economics remain challenging. Transportation and storage costs are significant, and there is currently no established commercial market for carbon storage, meaning projects depend heavily on government support and bilateral frameworks. For LNG exporters and their investors, the commercial viability of CCS is

therefore closely linked to regulatory design and carbon pricing mechanisms capable of supporting long-term project returns.

A central challenge for CCS deployment is that the cost of CO₂ transport and storage infrastructure currently exceeds the value of carbon reduction credits in most markets. As a result, large-scale CCS deployment typically requires government support mechanisms to bridge the gap between project costs and the value of emissions reductions.

International experience illustrates how governments are attempting to address this challenge. In the United States, the *Inflation Reduction Act* expanded the “45Q” tax credit for CO₂ storage, while the United Kingdom has introduced a Regulated Asset Base (RAB) model to support CO₂ transport and storage infrastructure.

Regional competition is also intensifying. Countries such as Indonesia, Malaysia and Vietnam are actively progressing CCS frameworks and project development pathways, raising the prospect that Australia could cede early-mover advantage in the Asia-Pacific CCS value chain despite its strong geological fundamentals.

Thermal coal

Thermal coal remains the “*Lord Voldemort*” of Japan's energy mix – essential to the power system, but since the rise of ESG it is discussed with caution publicly. Despite its emissions profile, it continues to be valued for its role in providing stable, dispatchable baseload generation, supported by ease of storage, supplier diversity and comparatively low cost.

The biennial Australia Japan Coal Conference held in Brisbane in October 2025 attracted a record 225 participants. The message from the Japanese speakers was consistent: Australia's high-quality coal is important for the clean energy transition. The Australian speakers emphasised that the coal industry is Australia's second largest export earner and paid \$72 billion in royalties over the last 10 years.

While global thermal coal trade began softening in 2025 amid weaker Asian demand, coal remains central to Japan's balancing of reliability, affordability and decarbonisation objectives.

Australia continues to underpin Japan's energy security as its primary supplier of thermal coal, reinforcing longstanding trade relationships built on supply reliability. Even as coal's long-term trajectory trends downward, maintaining diversity of sourcing remains a strategic priority. Australia's thermal coal export volumes are

forecast to edge down from 205 Mt (2024-25) to 203 Mt (2025-26) and 201 Mt (2026-27).⁵⁹

Coal remains the cheapest and most widely available energy source although longer-term may become less competitive with LNG and nuclear due to the increasing cost of production and the cost of carbon emission abatement and carbon taxes.

Investment behaviour: From ownership to security

Japanese participation in Australia's thermal coal sector is long-standing and structural, reflecting Japan's need to secure reliable imported energy supply over multiple decades. Historically, involvement has been expressed through a mix of joint venture interests and shareholdings in listed coal companies, long-term supply agreements and active management of supply portfolios.

Idemitsu's Australian coal footprint illustrates this continuity: the company established an Australian office in 1978 and has held interests in major coal tenements and mines since the late 1980s, including Boggabri and Muswellbrook in New South Wales' Gunnedah Basin. Today, **Idemitsu's** thermal coal presence centres on Boggabri, following the completion of mining at Muswellbrook (December 2022) and portfolio rationalisation elsewhere, including the divestment of its 85% interest in the Ensham mine in Queensland's Bowen Basin in 2023. More broadly, Japanese owners in Australian coal mines have included the major trading houses, power utilities and steelmakers.

Over time, however, participation has shifted away from direct upstream ownership toward securing supply through contractual and partnership structures. From 2018 onwards there has been a major divestment of Australian thermal coal assets, reflecting the growing influence of ESG considerations and shareholder expectations on capital allocation decisions. Notwithstanding this, Japanese companies still own Australian thermal coal assets and associated port infrastructure in Newcastle.

In terms of recent investment behaviour, the theme remains broadly unchanged from 2024. Japanese direct ownership of Australian thermal coal assets has gradually declined, even as long-term supply relationships and strategic participation in existing operations have been maintained.

This evolution in ownership structures is also evident in coal-linked power infrastructure. **Mitsubishi Corporation**, which had held a 7.125% shareholding in Queensland's Gladstone Power Station (GPS) since the privatisation of the facility in the mid-1990s, has now divested that interest. The investment was linked to Mitsubishi's shareholding in GPS' largest customer, the Boyne Aluminium Smelter. In 2024, **Mitsubishi Corporation** and **Sumitomo Chemical** sold their

shareholdings in Boyne Smelter to Rio Tinto, making this recent divestment a natural follow-on.

Japanese participation has not disappeared, it has evolved. Rather than new acquisitions of thermal coal assets, companies are increasingly engaging through:

- offtake-linked financing structures
- supply chain participation
- extensions of existing mines or exercise of pre-emptive rights.

This was evident in January 2025, when **Idemitsu** signed an agreement to acquire **Chugoku Electric Power's** 10% interest in the Boggabri Coal Mine (NSW), taking **Idemitsu** to 90% (with **Nippon Steel** retaining its 10% interest, originally acquired in 2015). The transaction reflected consolidation of an existing strategic position rather than new market entry, and it further embeds a material Japan-linked supply chain asset (with production of approximately 6-7 Mtpa on a 100% basis which is broadly equivalent to around 5% of Japan's annual thermal coal imports).

JERA continues to purchase approximately 25 million tonnes of coal annually (with 50% from Australia). **JERA Global Markets** and **J-POWER** have supported development of Malabar Resources' Maxwell Underground longwall operation in the Hunter Valley (New South Wales) through long-term offtake arrangements associated with the project's financing structure. The mine is located at the former Drayton/Drayton South site acquired by Malabar from Anglo American (and Japanese and Korean consortium partners) in 2017.

Beyond ownership changes, 2025 also saw continued regulatory and operational progression across Japanese-linked assets, including life-extension works, production approvals and integration of on-site low-emissions infrastructure.

Outlook: Thermal coal's role to 2040 and beyond

Exports of Australian coal to Japan increased in volume in 2025, although revenues declined materially as prices normalised from recent highs. **METI's** FY2040 outlook reinforces that coal's role is being actively managed rather than abruptly displaced, with policy settings aimed at reducing consumption while retaining dispatchable capacity within the generation mix.

Demand for premium Australian thermal coal – particularly high calorific value and low-ash grades – remains robust, supported by Japan's reliance on high-efficiency, low-emissions (HELE) coal-fired power plants such as **JERA's** Yokosuka units commissioned in 2024. There is a growing view in Japan that coal has a place in the energy mix as the most cost effective and stable supply of energy to 2040. Coal is extensively used by the

⁵⁹ Source: Department of Industry, Science and Resources.

Japanese general industry (cement, paper, chemical companies) for producing chemicals, living essentials, consumer products, glass and semiconductor wafers.

Major Australian producers believe that thermal coal has a role extending to 2050 and beyond. However, sustaining or expanding supply is increasingly likely to depend on closer partnership with end-users, particularly to support mine life extensions or new developments in New South Wales (where the majority of Australia's thermal coal is located), given the lengthening, more complex and less predictable approvals environment.

Extending coal's role: Ammonia co-firing

Rather than pursuing abrupt displacement, Japanese power utilities and industrial companies are actively exploring technological pathways to reduce emissions intensity while maintaining coal-fired generation capacity.

Ammonia co-firing is only possible at some, mainly newer, power plants and it is expected that co-firing will only reduce coal use by a maximum of 15%-20%. From a technical standpoint, the extent to which existing coal-fired power plants will be able to incorporate ammonia blending also remains unclear. **JERA** is leading the Japanese power industries' efforts to utilise ammonia in co-firing at its newest HELE coal-fired power plants.

In 2025, ammonia co-firing progressed from demonstration toward early-stage commercial readiness. Following completion of **JERA's** large-scale 20% (heating value) ammonia co-firing demonstration at Hekinan Power Plant in 2024, **JERA** moved the pathway materially forward in April 2025 by taking final investment decision (FID), alongside **CF Industries** and **Mitsui & Co.**, on the Blue Point low-carbon ammonia project in Louisiana, United States. This aligns with Japan's Hydrogen Society Promotion Act framework, which is explicitly designed to support uptake of higher-cost low-carbon fuels through price-gap support mechanisms.

The Blue Point joint venture is positioned as an integrated low-carbon ammonia value chain rather than a standalone production asset, with construction commencing in 2025 and production targeted for 2029, supported by carbon capture and storage (CCS).

Japanese utilities increasingly view ammonia as a practical emissions-mitigation pathway rather than a wholesale replacement for coal. While Japanese utilities' long-term goal is achieving 100% combustion with ammonia, a blending rate of up to 20% appears more feasible over the medium term. Ammonia also delivers materially less energy than coal and therefore requires significant volumes of ammonia to be delivered and stored, meaning new ammonia receiving terminals and storage facilities must be built at considerable cost.

Other co-firing options

Co-firing with hydrogen, torrefied black pellets, biomass, wood chips PKS (palm kernel shell) and even tyre chips (shredded used truck and car tyres) is being tested. However, significant challenges remain, including lower calorific content – approximately one-third lower than thermal coal – higher costs relative to coal, and the need for new receiving and storage infrastructure. Spontaneous combustion of wood chips presents an additional operational risk. ESG concerns may also arise, particularly in relation to sustainable production practices for biomass and PKS sourced from Indonesia, as well as petrochemical pollution from burning tyre chips.

These factors have contributed to growing interest in alternative co-firing pathways such as ammonia and hydrogen, which avoid many of the logistical and sustainability challenges associated with solid fuel substitution. Japanese engineering groups, including **IHI Corporation**, are developing technologies that utilise low-carbon liquid fuels (including ammonia, hydrogen and e-methane) for application in power generation and industrial processes.

In this context, ammonia is increasingly viewed not as a direct replacement for coal, but as a practical tool to extend the operational life of existing coal-fired assets within tightening emissions frameworks. To date, however, none of these co-firing pathways have proven economically viable without significant government financial support.

Trend 3: Renewable energy and decarbonisation

With both Japan and Australia committing to net zero carbon emissions by 2050, there has been considerable excitement about Australia's potential to become a green energy export superpower. Developments in 2025 show that there has been a reassessment of how long it will take to effect the changes needed to achieve these targets, though the underlying commitment to the energy transition remains. There has been a shift toward more intermediate solutions while the longer-term export pathways continue to be developed. Export-oriented hydrogen projects have broadly stalled or been delayed, and not only those involving Japanese companies. Fortescue, Woodside, Origin Energy, and Trafigura have all scaled back, exited or shelved major Australian hydrogen plans.

In the CQ-H2 project in Queensland, **Kansai Electric** and later **Iwatani and Marubeni** exited the consortium, while the project itself ultimately collapsed after the Queensland government withdrew support and Stanwell subsequently discontinued its involvement. These developments, which are discussed in detail below, reflect the challenges around costs, technological readiness and the absence of established offtake markets.

Investment and partnership activity has continued in areas that are closer to commercial readiness. Japanese companies recorded nine M&A transactions and fifteen partnerships in the area of renewables and decarbonisation in 2025, with an increasing focus on proven technologies and near-term commercial opportunities. Issues affecting the pace of Japanese investment include long construction timeframes, uncertainty around environmental approvals and their conditions, and a market that now has established incumbents with fewer available project opportunities. Japanese companies have mostly remained focused on minority equity positions in brownfield renewable projects, though the acquisition of platforms, or portfolios of existing or near-operational assets, offers an alternative pathway for market entry.

Policy settings

Both governments have continued to develop their energy transition and decarbonisation policy frameworks, building on the settings outlined in our 2024 Report.

Australia

The Future Made in Australia (FMIA) suite of energy and industry policies was consolidated during 2025. The long-awaited Net Zero Plan, released in November 2025, set a target of 62–70% emissions reduction by 2035 alongside existing targets for 82% renewable energy by 2030 and net zero by 2050. The *FMIA Act* established a National Interest Framework to identify priority industries, with critical minerals, hydrogen, green metals and clean liquid fuels named among the first, and a range of funding mechanisms have been established to support these industries.

Australian government funding mechanisms have primarily focused on supply-side incentives, with comparatively little direct demand-pull mechanisms such as offtake or procurement commitments. This has had a significant impact on the ability of projects to secure financing and proceed to construction. The most significant mechanism that could drive demand is the Safeguard Mechanism, which requires facilities producing more than 100,000 tonnes of CO₂-equivalent per annum (currently 219) to reduce emissions by 4.9% annually against declining emissions baselines. A review of the Safeguard Mechanism is scheduled for the second half of 2026. The Productivity Commission has recommended its coverage be expanded significantly, which could create new domestic demand for hydrogen, carbon capture and low-carbon liquid fuels. Separately, reforms to the Environment Protection and Biodiversity Conservation (*EPBC Act*) passed in November 2025 introduced a streamlined 30-business-day assessment pathway for eligible projects as a response to concerns about the uncertainty and duration of environmental approvals. Fossil fuel projects from facilities that cannot readily electrify their operations are not eligible for the fast-track process.

Japan

Japan's revised 7th Strategic Energy Plan, released in February 2025, outlined ambitious targets, with the aim of 40–50% of power generation to be provided by renewable sources by 2040. Nuclear power is to be maximised at around 20%, up from 8.5% in 2023, a significant shift from the policy of reducing nuclear dependence that Japan had pursued since the 2011 Fukushima disaster. Thermal generation (coal, LNG and oil), currently around 70% of the energy mix, is targeted to decline to 30–40%, supported by hydrogen and ammonia co-firing and CCUS.

The plan sits within the broader GX Strategy, which envisions ¥150 trillion in public-private investment over the coming decade, and the *GX Promotion Act*, which introduced carbon pricing through an emissions trading system and fossil fuel levy.

The *Hydrogen Society Promotion Act*, Japan's first hydrogen-specific legislation, came into force in October 2024 and established the framework for Contract for Difference (CfD) price-gap subsidies – ¥3 trillion over 15 years – targeting industries such as steel, cement and chemicals where emissions are difficult to eliminate through electrification alone. The CfD mechanism is the primary way Japan will fund its hydrogen and ammonia imports, and in addition to two smaller domestic projects, the two international projects awarded CfD funding to date have both gone to US-based projects.

METI has indicated that no additional support beyond the current CfD envelope will be available. METI's S+3E guiding principles for investment, covering Safety, Energy Security, Economic Efficiency and Environment, emphasise the importance of diversified and reliable supply, and Australian projects have always been considered critical to Japan's energy diversification strategy. However, in the current investment climate, all projects need to demonstrate clear commercial viability in addition to S+3E in order to attract Japanese government and private sector investment.

Hydrogen

The physical and geographical limits on renewable energy generation in Japan mean that transportable clean energy will be a significant component of Japan's decarbonisation, with hydrogen, ammonia, synthetic fuels and biofuels being the best prospects as alternative fuel sources. Australia has the potential to be a major supplier of green hydrogen to Japan, but green hydrogen export remains a medium-to-long-term proposition as the economics do not yet support large-scale international trade, nor is there sufficient infrastructure globally to support the trade in hydrogen and derivatives. Attention in both Japan and Australia has turned to the development of a domestic market for hydrogen, building infrastructure and economies of scale, testing and learning from technology deployment, that can then be applied to the export pathway.

Carrier technologies and the transport challenge

One of the most significant barriers to hydrogen export is the difficulty and cost of transporting it. There are a number of transportation and storage vectors under consideration by project proponents such as ammonia, methanol, e-methane, liquified hydrogen and methylcyclohexane (MCH). **ENEOS** has invested \$200 million to begin construction of a green hydrogen demonstration plant at Bulwer Island in Brisbane, with MCH production expected by mid-2026. The plant, supported by **NEDO** and the **Green Innovation Fund** (precursor to the GX Fund in place today), uses **ENEOS's** proprietary technology to produce MCH directly. These alternative fuels offer the promise of transporting green energy without the need of specialised infrastructure.

On the liquid hydrogen pathway, **Japan Suiso Energy**, Woodside and **Kansai Electric** signed an MOU in September 2025 to develop a liquid hydrogen supply chain from Woodside's H2Perth facility in Western Australia to Japan, building on the successful completion of the HESC pilot project in Victoria, which demonstrated Kawasaki Heavy Industries' liquefaction, port loading and transport technologies using the first-of-a-kind vessel, the Suiso Frontier. However, the cost and scaling challenge for liquid hydrogen shipping remains significant. The Suiso Frontier carries approximately 75 tonnes of hydrogen, compared with the roughly 70,000-tonne capacity of a standard LNG carrier. Considerable investment in shipping technology is needed to bring export costs to commercially viable levels. A separate collaboration between **K Line** and ASX-listed Provaris Energy is evaluating compressed hydrogen carriers and storage barges as an alternative approach.

In the Pilbara, ammonia is being explored as both a hydrogen carrier and a marine fuel in its own right. **MOL** and **ITOCHU** have each signed MOUs with NH3 Clean Energy to develop clean ammonia bunkering operations. The project would be Australia's first ammonia bunkering concept, announced by the Pilbara Ports Authority in mid-2025.

Domestic use

The shift toward domestic hydrogen applications has produced some notable firsts. In late 2025, **Marubeni** entered an agreement with Iberdrola Australia to supply green hydrogen for co-firing in gas turbines in South Australia, the first hydrogen co-firing arrangement in Australia. The hydrogen is produced at Marubeni's Bolivar facility using a 160kW electrolyser powered by surplus renewable grid energy. At Port of Hastings in Victoria, Energys received planning approval and Victorian government funding for a 1MW electrolyser to produce hydrogen at the former KHI liquefaction site for industrial and mobility customers, in partnership with Coregas, which was recently acquired by **Nippon Sanso**.

In Western Australia, **Mitsui & Co.** and **ENGIE** continue to progress the Yuri Project, an 18MW solar farm and 10MW electrolyser in the Pilbara with green hydrogen to be supplied to Yara International's existing ammonia production facility.

At Gladstone, the **Sumitomo Corporation** and Rio Tinto Yarwun hydrogen calcination pilot project, Project Midori, aimed at lowering emissions from alumina refining, continues under construction.

The Port of Newcastle's 220-hectare Clean Energy Precinct, which has agreements with **Mitsubishi Heavy Industries (MHI)**, **MOL** and other partners, is advancing through environmental impact studies and FEED, with MHI signing a formal advisory agreement to support development of the port's hydrogen and ammonia facilities.

Stralis Aircraft signed an MOU with **Akita University** and **Akita Prefectural University** during the Osaka World Expo 2025, facilitated by **IHI**, to collaborate on hydrogen electric aircraft propulsion. Japan aims to introduce commercial applications from 2035, showing future demand for hydrogen.

At the University of Adelaide's Roseworthy campus, Sparc Hydrogen, a joint venture between Fortescue, Sparc Technologies and the University of Adelaide, completed construction of a pilot facility for photocatalytic water splitting, a process that uses concentrated sunlight to produce hydrogen directly from water without electrolysis. The pilot reactor uses photocatalysts developed by Japan's **Shinshu University**.

Alternative pathways

Beyond conventional electrolysis, several alternative approaches to hydrogen production are being explored through the bilateral relationship. One such pathway is methane pyrolysis, which produces hydrogen and solid graphite from natural gas without direct CO₂ emissions. **Chubu Electric Power**, **Chiyoda Corporation** and Hazer Group have completed pre-feasibility studies for a methane pyrolysis facility in Nagoya targeting 2,500 tonnes per year of hydrogen, and **Chubu Electric Power** has begun engaging potential graphite offtakers in the region, though a final investment decision has not yet been made.

Research collaboration is also expanding into carbon recycling technologies. In 2025, TSE-listed biorefinery company **Green Earth Institute** announced collaboration with Australian partners to advance biomass-based carbon recycling processes that convert plant-derived feedstocks into fuels and chemicals using microbial fermentation. The partnership reflects growing interest in biological pathways for decarbonisation that complement hydrogen and synthetic fuel production.

In South Australia, Gold Hydrogen's Ramsay project is exploring naturally occurring underground reserves of hydrogen and helium. **Mitsubishi Gas Chemical, Toyota Motor Corporation Hydrogen Factory** and **ENEOS Xplora** invested in Gold Hydrogen in 2025.

Mitsubishi Heavy Industries signed an MOU with Yara Pilbara Fertilisers to develop lower-carbon ammonia production at Yara's existing facility on the Burrup Peninsula using post-combustion carbon capture.

DGA Energy Solutions Australia, a Mitsubishi Corporation subsidiary, signed a Heads of Agreement with entX to acquire a 49% equity stake in the Limestone Coast Hydrogen Project (LCH2), which plans to produce green hydrogen for major tissue manufacturer Kimberly-Clark Australia.

Solar, battery storage and wind

Japanese trading houses were interested in utility-scale solar in the 2010s, but once the challenges of grid transmission became apparent, this interest waned. With a shift toward solar-plus-battery configurations and standalone battery energy storage systems (BESS), which reduce grid dependency, and revenue support mechanisms such as the Capacity Investment Scheme, there is now returning interest from Japanese companies in this area.

Several transactions during the period reflected this shift. **Sojitz** acquired Next Green Group, an energy retailer that also develops solar and battery systems. **Toho Gas** co-invested in YES Group, a vertically integrated renewable energy developer and retailer in South Australia – **Toho Gas'** first investment in an Australian renewable energy business. Atmos Renewables, an Australian renewables platform managed by Igneo Infrastructure Partners within the First Sentier Investors group (ultimately owned by **MUFG**), agreed to acquire Neoen Australia's remaining 76.6% interest in the 316 MW Hornsdale Wind Farm in South Australia, increasing its ownership to 100%.

The largest solar project undertaken by Japanese companies in Australia is the 204MW Edenvale Solar Park owned 50/50 by **Sojitz** and **ENEOS**, which supplies electricity both to the local electricity retailer and the Gregory Crinum coal mine owned and operated by Sojitz.

There were also a number of new partnerships related to energy storage in 2025. **Sharp** signed an MOU with ESI Asia Pacific to co-develop zinc-air flow battery technology, beginning with a proof-of-concept with the University of Queensland. **Sumitomo Corporation** invested in Green Gravity, a New South Wales based gravitational energy storage developer. **TEPCO Power Grid** signed an MOU with Endeavour Energy to share expertise on managing power grids with increasing levels of distributed generation such as rooftop solar.

Sumitomo Electric agreed to supply a vanadium redox battery, a technology that is better at discharging over

long durations than lithium-ion, to **Idemitsu's** Boggabri coal mine to store solar energy, with the vanadium sourced from Lynas. **TDK Corporation** signed a collaboration agreement with Australian battery company Gelion Technologies to co-develop sulfur-based battery technologies, with prototyping at TDK's plant in Nagano.

As there are now established incumbents in the Australian renewable energy sector and greater competition, it is more difficult for Japanese companies to make their first entry into the market. Many small renewable projects in Australia are also structured as trusts which are unfamiliar to Japanese investment committees and have no equivalent in Japan, increasing the difficulty in investing in these projects. An alternative option is for Japanese companies to acquire platforms – portfolios of operational or near-operational assets – rather than via greenfield project development. **INPEX's** subsidiary Potentia Energy, a joint venture with Enel Green Power, acquired a portfolio of 1GW of Australian renewable energy assets from Dutch infrastructure fund manager CVC/DIF and Australian superannuation fund Construction and Building Unions Superannuation (Cbus), and is one such example.

JERA is involved in feasibility studies for two of the 12 licences awarded by the Australian government in 2024 for offshore wind in Victoria, the 1 GW Blue Mackerel project, through **JERA Nex bp**, its joint venture with BP, and the 1.2 GW Spinifex project in partnership with Alinta Energy. The Federal Government granted Blue Mackerel Major Project Status in December 2025, which provides dedicated government support to navigate environmental and regulatory approvals. However, the sector faces headwinds, with three of the original licences being surrendered in 2025 and another paused, while the Victorian government postponed its offshore wind auction originally scheduled for September 2025.

Green steel

Conventional steelmaking is one of the most emissions-intensive industries globally. Replacing coal with hydrogen or ammonia in this process is the primary pathway to decarbonising steel. Japan's steel industry, now producing around 80 million tonnes per year, will eventually need to make the shift toward producing green iron and steel, and the award of the first GX economic transition bonds are a recognition of this, as is the funding and commitment of the Japanese COURSE50 consortium. There are currently limited buyers and industries willing to pay a so-called "green" premium for green steel, and such a premium is likely to cascade through the supply chain to the end user. As with other global trials, the decarbonisation outcomes and economic impacts are being closely assessed.

Decarbonisation technologies linked to construction materials are also emerging within the bilateral relationship. In January 2025, **ITOCHU Corporation** signed a memorandum of understanding with **Mitsubishi UBE Cement Corporation** and Australian climate technology company MCI Carbon to explore commercialisation in Japan of mineral carbonation technology that converts captured CO₂ and industrial waste streams such as steel slag into low-carbon cement and concrete inputs.

In August 2025, BlueScope entered a collaboration agreement with **Nippon Steel**, JSW Steel and POSCO to form a consortium to bid for the Whyalla Steelworks in South Australia, Australia's only integrated steelworks. Whyalla has been identified as a prospective location for the future production of lower-emissions iron for both domestic and export markets, with the potential to play a role in the decarbonisation of the global steelmaking industry. 33 bids were submitted by the July 2025 deadline and no shortlisted or successful bidders have yet been announced.

Sustainable Aviation Fuel (SAF)

The Australian government announced the \$1.1 billion Cleaner Fuels Program in September 2025, a ten-year initiative to stimulate private investment in domestic production of low-carbon liquid fuels and target first production of drop-in renewable fuels by 2029. This complements the \$1.5 billion Low Carbon Liquid Fuel initiative under the Future Made in Australia (FMIA) Innovation Fund.

Australia does not yet have a legally binding SAF blending mandate, though consultation is underway and one is widely expected, with the earliest possible introduction around mid-2028 pending development of a certification scheme. The EU introduced a 2% mandate in 2025 and Singapore a 1% mandate in 2026. Under the GX, Japan also has policies and funding in place to promote up to 10% SAF blending by 2030.

Japanese companies are already positioning for this market. **Idemitsu** together with US-company Terviva Inc. and Stanmore Resources, has commenced trial plantations of pongamia trees on Stanmore land in Queensland to secure feedstock for SAF production. The collaboration targets 250,000 kilolitres per annum by FY2028 using hydroprocessed esters and fatty acids (HEFA) technology and is also exploring additional uses including biomass pellets, livestock feed and carbon credit generation.

Carbon credits

The Safeguard Mechanism requires Australia's largest emitting facilities to reduce their emissions by 4.9% annually against declining emissions baselines, and as the mechanism's coverage expands, a growing number of Japanese companies with operations in Australia will be affected. Those that cannot reduce their emissions sufficiently will need to purchase Australian Carbon Credit Units (ACCUs) to offset the shortfall, though the scheduled 2026 Safeguard Mechanism review of the scheme may introduce limits on the use of credits for compliance.

Trading houses have been building positions in this space for some time – **Mitsui & Co.** through its investments in New Forests and Outback Carbon, and **Osaka Gas**, **Mitsubishi Corporation** and **NYK Line** through Australian Integrated Carbon. What is newer is interest from non-trading-house Japanese companies that have not previously engaged with carbon markets but anticipate direct exposure under the Safeguard Mechanism. Their options are to purchase credits on the open market, enter offtake agreements with credit developers, or develop credits themselves and sell to counterparties.

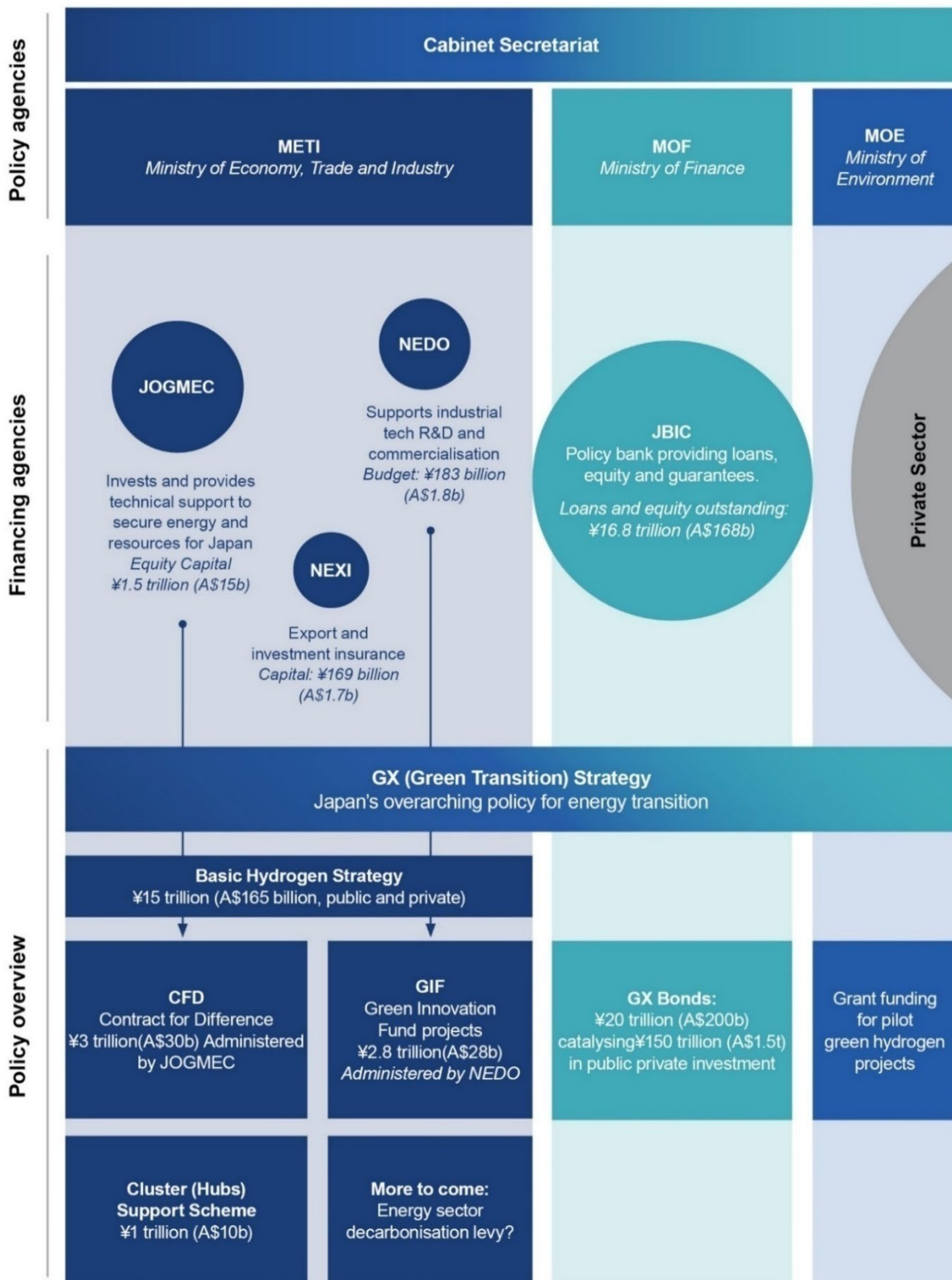
The market remains nascent and opaque, with participants describing the current environment as a learning exercise as methodologies and transparency develop. **METI** is also exploring adjustments to Japan's own carbon market to align with rules agreed under the Paris Agreement framework in November 2024, which may have implications for cross-border trade in carbon credits.

Decarbonisation policies at a glance

Key policies	
Australia	Japan
<ul style="list-style-type: none"> • Future Made in Australia Act (2024): established a National Interest Framework identifying renewable hydrogen, green metals, critical minerals processing, low-carbon liquid fuels and clean energy manufacturing as priority industries. The Act is backed by \$22.7 billion in funding over a decade. • Hydrogen Production Tax Incentive (HPTI): The HPTI is uncapped, available for ten years beginning on 1 July 2026, and open to all projects that take a final investment decision by 30 June 2030. • Net Zero Plan (November 2025): set a target of 62-70% emissions reduction by 2035, alongside existing targets of 82% renewable energy by 2030 and net zero by 2050. Six sector decarbonisation strategies were released alongside it. • Hydrogen Headstart (\$4 billion): administered by ARENA, provides competitive production credits to large-scale renewable hydrogen projects. The program was expanded from an initial \$2 billion. • Safeguard Mechanism: a legally binding requirement for facilities emitting more than 100,000 tonnes of CO₂-equivalent per year to meet annually declining emissions baselines. There are currently 219 facilities covered. The review scheduled for the second half of 2026 will assess current emissions thresholds and how they need to shift to ensure Australia meets its 2035 targets. • Capacity Investment Scheme: underwrites new renewable generation and battery storage, targeting 40GW of new capacity by 2030. • Rewiring the Nation: provides dedicated funding for transmission infrastructure to connect new renewable generation to the grid. • EPBC Act reforms (November 2025): introduced a streamlined 30-business-day assessment pathway for eligible projects, responding to longstanding concerns about the uncertainty and duration of environmental approvals. No fossil fuel projects are eligible for the fast-track process. • Green Iron Fund (\$1 billion), Green Aluminium Production Credits (\$2 billion), Low Carbon Liquid Fuel subsidy (\$1.5 billion): recent funding announcements for export-facing industries. • Cleaner Fuels Program (\$1.1 billion, September 2025): a ten-year initiative to stimulate private investment in domestic production of low-carbon liquid fuels, targeting first production by 2029. • CO₂ import legislation (2023): permits the import of CO₂ for carbon capture and storage. 	<ul style="list-style-type: none"> • 7th Strategic Energy Plan (February 2025): targets renewables as the primary power source at 40-50% of generation by 2040, with nuclear power maximised at approximately 20% and thermal generation reduced from approximately 70% to 30-40%. The reduction in thermal generation is to be supported by hydrogen and ammonia co-firing and CCUS. The revised energy plan replaced the post-Fukushima stance of "reducing nuclear dependence as much as possible" with a commitment to maximise nuclear power. • GX Strategy: targets ¥150 trillion (\$1.36 trillion) in public-private investment over the coming decade, with ¥20 trillion (\$182 billion) in government-issued GX Economic Transition Bonds providing the initial public funding. Investments are expected in Japan, as well as across Asia and in energy-producing nations via the Asia Zero Emissions Community (AZEC). • GX Promotion Act (2023): set out a roadmap for energy and environmental policies for the following ten years, identifying hydrogen and ammonia as playing important roles across power generation, transportation and industry. The Act also introduced carbon pricing through an emissions trading system and a fossil fuel levy. • GX Economic Transition Bonds: the first tranche of ¥1.6 trillion (\$14.5 billion) was issued in February 2024, with 55.5% allocated to R&D (renewable energy, hydrogen in steelmaking) and 44.5% to subsidies (battery storage, energy-efficient building systems). The bonds explicitly exclude gas-fired power generation and coal-related activities including ammonia co-firing. • GX carbon pricing (GX-ETS + carbon levy): emissions trading was introduced in FY2023 as a voluntary initiative through the GX League. A phased auction mechanism targeting the power sector is set to commence in FY2033, and a carbon levy will begin gradually from FY2028. • Hydrogen Society Promotion Act (2024): Japan's first hydrogen-specific legislation. It enables METI and JOGMEC to grant subsidies under two tracks: price-gap subsidies (Contract for Difference) totalling ¥3 trillion (\$27.3 billion) over 15 years, focused on hard-to-abate sectors such as steel, cement and chemicals where electrification alone cannot eliminate emissions; and hub development subsidies for the FEED, engineering and construction costs of domestic transport and storage infrastructure. • CCS Business Act (2024): created a licensing framework for CO₂ exploration, transport and underground storage.

Japan Hydrogen Policy Overview

This diagram provides an overview of Japan's policy landscape on hydrogen. It is not exhaustive but captures key agencies and policy tools relevant to hydrogen cooperation between Australia and Japan.



Trend 4: Real estate and housing

While the United States (\$4.9 billion) and South Korea (\$3.9 billion) led investment in 2025, Japan (\$2.4 billion) remained one of the most consistent offshore investors. Since 2023, Japanese groups have invested more than \$4.8 billion into the sector, with real estate accounting for roughly one in five Japanese M&A transactions in Australia during 2025.⁶⁰

This sustained activity reflects more than cyclical interest. Australia offers a relatively rare combination among developed markets: institutional-grade transparency alongside structural growth driven by population expansion and housing undersupply. Record-low residential vacancy rates of around 1.2% underscore the depth of demand, while Australia's AAA sovereign standing and long-term demographic trajectory continue to align with the duration and capital preservation mandates typical of Japanese investors.

However, strong interest has not always translated into effective deployment. Historically, Japanese investors have faced challenges accessing scale opportunities without local origination capability ("on-the-ground" expertise) and governance infrastructure. In the absence of these mechanisms, investors risk being confined to smaller positions or lower-conviction sectors.

As a result, the evolution through 2024 and into 2025 has been less about recognising Australia's attractiveness and more about building the mechanisms required to invest at scale.

Investment structures: From access to execution

Japanese investment into Australian real estate is increasingly characterised by two primary execution models:

1. Lead-sponsor/club model:

A major Japanese sponsor anchors a transaction that has been originated and negotiated by a local Australian development or operating partner. Once the transaction is de-risked and the legal and commercial structure is established (governance, fees, leverage and exit parameters), the lead sponsor may then invite other Japanese institutions to participate through a structured "club" arrangement – typically as passive co-investors with defined rights, reporting and governance protections. This model is attractive because it allows:

- Faster execution and seller certainty
- Access to comprehensive due diligence
- Participation opportunities for mid-sized investors

- Consistent governance and risk frameworks
- Repeatable deal flow across trusted partnerships

In practice, this structure combines the Australian partner's origination capability, vendor engagement and execution leadership with the lead Japanese investor's capital certainty, governance discipline and ability to sell down or place participation interests with aligned investors.

In most cases, the Australian partner leads origination, vendor negotiations and transaction structuring, with the Japanese sponsor entering shortly before execution and subsequently offering participation interests to additional Japanese investors once key commercial risks have been reduced.

2. Strategic co-investment model:

In this structure, Japanese investors partner early with an Australian developer, contributing capital while relying on local delivery capability.

This approach is typically used where the Australian partner provides operating expertise – such as development approvals, construction management, leasing and asset management – while the Japanese investor contributes long-term capital, balance-sheet support and, in some cases, broader strategic relationships (including tenants, suppliers or offshore capital channels). This model typically involves:

- Earlier-stage entry (land, pre-development or platform level)
- Meaningful governance rights (budget, leverage, leasing strategy and disposal timing)
- Longer investment horizons (often framed as a longer-term partnership with repeat transaction potential)
- Exposure to operating platforms rather than standalone assets

This model is particularly suited to investors who prioritise strategic alignment and operating partnership over control of origination, especially in sectors where local development and delivery capability is a key source of value (such as residential communities, build-to-rent (BTR), logistics and mixed-use precincts). A recent example is **Kajima's** 2025 joint venture with Pro-invest to establish a scalable, ground-up BTR development pipeline in Australia.

Together, these approaches reflect a shift from passive offshore allocation toward structured, partnership-driven deployment. In practice, Japanese capital has increasingly concentrated around a limited number of Australian counterparties with the balance sheet and

⁶⁰ Source: MSCI Real Capital Analytics, *Australia Capital Trends 2025*, January 2026.

governance capability to support repeat transactions. This includes groups such as Lendlease, Mirvac, Stockland, Charter Hall, Frasers Property Australia and AsheMorgan.

Australia's attractiveness therefore lies not only in macro fundamentals, but in the presence of trusted local platforms capable of converting interest into executable opportunities.

Sector focus

Japanese investment continues to concentrate across three primary sectors:

- Office
- Logistics/Industrial
- Residential ("living") including Build-to-Sell (BTS), BTR and luxury apartments

BTS remains attractive due to faster capital recycling, while BTR aligns with Japanese investors' familiarity with income-generating residential assets. Although historically under-institutionalised in Australia, the sector is maturing and increasingly viewed as scalable and transparent.

This sector concentration broadly mirrors wider offshore capital trends, with Japanese investors favouring markets where liquidity, tenant depth and long-term demand fundamentals remain strongest. Office exposure has continued to focus on prime CBD assets with strong covenant tenants, illustrated by **NTT Urban Development's** move in March 2025 to full ownership of 53 Albert Street in Brisbane and **Aravest's** investment in 345 Queen Street in Brisbane.

In parallel, the growing allocation toward "living" sectors reflects structural demand drivers rather than cyclical positioning, with Japanese capital supporting BTR and studio-living formats in supply-constrained urban markets such as Sydney and Melbourne.

At the same time, Japanese investors are increasingly identifying opportunities in Australia's premium residential segments, where structural demand remains strong. Australia's deep private wealth base (with approximately one in 39 Australians classified as high-net-worth individuals) supports sustained demand for high-quality housing. This is reinforced by a growing downsizer market seeking well-located, amenity-rich apartments, while supply constraints continue to limit availability in Sydney and Melbourne.

Logistics exposure has similarly remained aligned with broader institutional themes, often accessed through partnerships and platforms rather than single-asset acquisitions.

Investor cohorts

Japanese participation in Australian real estate can broadly be grouped into four cohorts:

Integrated real estate developers and asset managers:

These are the "core" Japanese property houses that invest programmatically across multiple deals and often act as lead sponsors in club structures. They include **Mitsubishi Estate, Mitsui Fudosan, Sekisui House, Daiwa House, NTT Urban Development, Daibiru** (owned by **Mitsui OSK Lines (MOL)** and **Samty Holdings**). Recent years have seen these groups broaden from individual assets into multi-deal platform relationships and larger mixed-use/urban precinct exposure – for example **Mitsubishi Estate's** growing pipeline and its 2025 partnership with Mirvac on Harbourside.

Urban transport-linked developers

Railway-affiliated groups such as **Tokyo Corporation, Odakyu Electric Railway, Hankyu Hanshin Properties, JR West Real Estate & Development** and **Kintetsu Real Estate** bring experience integrating transport, residential and amenity outcomes, commonly referred to as transit-oriented development (TOD).⁶¹ A 2025 expression of this approach can be seen in the move into "living" formats in premium, transit-rich CBD locations, such as Investa's Sydney CBD studio-living partnership with **JR West Real Estate & Development** (alongside **Sotetsu Real Estate**).

Strategic corporates investing via property arms

These groups deploy capital through specialist real estate subsidiaries and typically co-invest alongside established developers rather than acting as lead sponsors. Their participation is often driven by broader strategic positioning (including urban presence, customer adjacency or ecosystem alignment) rather than purely portfolio allocation.

- *Utilities/energy groups:* such as **Tokyo Gas Real Estate** and **Kansai Electric's** subsidiary **Kanden Realty & Development Australia**, investing alongside local partners to support long-term urban presence and diversify earnings beyond core energy operations.
- *Steel/industrial groups:* such as **Nippon Steel Kowa Real Estate**, which has been active in urban living partnerships, including alongside Lendlease. Property and facilities services groups are also emerging as participants in Australia's real estate ecosystem. A notable example is **Nippon Kanzei's** investment in PICA Group in 2022, one of Australia's leading strata and property services providers. This reflects a broader interest in operating platforms linked to property management and lifecycle services, rather than development or ownership alone.

⁶¹ TOD is a land use planning approach that encourages mixed-use development (residential, commercial, and recreational) around transit stations (train, light rail, bus).

In many cases, these investors bring patient capital and balance-sheet support, complementing local development capability rather than seeking origination control. This capital is often structured with longer investment horizons and lower return thresholds than traditional funding sources, which can improve feasibility across capital-intensive sectors such as residential and mixed-use development.

Trading houses and financial institutions:

The trading houses are increasingly participating in Australian real estate as capital partners rather than strategic operators. Their involvement typically centres on backing residential communities, mixed-use precincts or logistics assets through joint ventures with established Australian sponsors. This reflects a broader evolution in their investment approach, from project-specific participation toward repeat partnerships that provide scalable exposure to urban development themes. Examples are **Sumitomo Corporation's** 50/50 joint venture with ASX-listed Mirvac, announced in late 2024 and continuing into 2025 and **Marubeni's** investment in the District Living BTR in Melbourne (discussed below). In parallel, Japanese banks and institutional capital often support these structures behind the scenes, enabling the club-style model through financing and co-investment participation.

Concentration around local trusted partners

Japanese real estate groups are no longer occasional offshore buyers, they are now embedded, repeat capital partners. **Mitsubishi Estate** alone has now invested in 26 projects locally, reflecting a deliberate shift from single-asset investments toward long-term partnerships across mixed-use regeneration, logistics and living sectors. In December 2023, **Mitsubishi Estate** established the first Japanese large-scale value-add real estate fund in Australia and immediately acquired 60 Margaret Street alongside AsheMorgan, with **Odakyu Railway** and **Hankyu Hanshin Properties** participating as co-investors.

This shift toward platform relationships is mirrored across the cohort. **Mitsui Fudosan** has expanded from residential joint ventures into major office development interests such as 55 Pitt Street, Sydney, while **Sekisui House** has moved from project-level participation toward multi-stage master planned pipelines such as Melrose Park – a \$5 billion staged urban renewal platform. More recent entrants like **Tokyo Tatemono** are similarly targeting BTR platforms alongside established local sponsors, signalling a broader move toward scalable development exposure rather than passive ownership of stabilised assets.

2025 Investment Activity

Office

- **Daibiru** acquired the A-grade office tower at 135 King Street, Sydney at an investment yield of about 6% from Investa Commercial Property Fund. Daibiru has been active in Australia since 2018 when it acquired 275 George Street.
- Japanese capital also supported premium, transit-oriented Sydney locations through Lendlease's 175 Liverpool Street luxury office redevelopment in Sydney through a joint venture with **Mitsubishi Estate** and **Nippon Steel Kowa Real Estate** (July 2025)
- **Mitsubishi Estate Asia** has completed its exit from Salesforce Tower (Sydney), having launched the sale of its 30% interest in August 2024, sold down part of that position during 2025 through an investment vehicle managed by **Mitsubishi Estate** (with **Hankyu Hanshin Toho** and **Odakyu Electric Railway** participating as investors) and ultimately divested its remaining 19.9% interest to OUE REIT in February 2026.
- Private funds business Aravest Pte. Ltd. (owned by **Sumitomo Mitsui Finance and Leasing** (70%) and **Kenedix, Inc.** (30%)) acquired a 50% interest in an A-grade office building at 345 Queen Street, Brisbane. 345 Queen Street was designed by Japanese architect, Kisho Kurokawa and was one of Brisbane CBD's original skyscrapers.
- **NTT Urban Development** acquired a 50% interest in 53 Albert Street, Brisbane from JPMorgan Asset Management, taking its ownership of the A-grade building to 100%. The office is fully leased to the Queensland Government until 2028.

Logistics/industrial

- **Tokyo Tatemono Co., Ltd.** entered into a joint venture with Ray White Capital and Hannas to develop two strata-titled industrial warehouse projects in the Sydney metropolitan area (Rockwater Brookvale and Stream Northmead). Announced in May 2025, the developments will deliver strata warehouse units targeting small businesses and owner-occupiers in inner-metropolitan industrial precincts. The projects mark **Tokyo Tatemono's** first entry into the Australian strata-industrial development sector.

Mixed-use/urban regeneration

- **Mitsubishi Estate** entered into a joint venture with Mirvac Group to deliver Harbourside in Sydney, a mixed-use precinct with an expected end value of about \$2.3 billion. **Mitsubishi Estate** will be Mirvac's operating partner for the project. The venture expands the cumulative project cost of **Mitsubishi Estate**'s portfolio in Australia to more than \$17.7 billion.
- **Mitsubishi Estate** has also partnered with Australian developer PERIFA and acquired the Balmain Leagues Club site (Rozelle, Sydney) for redevelopment into an \$800 million mixed-use precinct (227 apartments incl. 59 affordable units, plus retail/commercial).

Residential/living

- **JR West Real Estate & Development** (part of West Japan Railway Company) and **Sotetsu Real Estate** (part of the Sotetsu Group) entered into a strategic capital partnership with Investa to deliver a new \$230 million Studio Living project at 140 Elizabeth Street, Sydney comprising around 251 fully furnished, self-contained studio apartments. **Sumitomo Mitsui Trust Bank** supported JR West and Sotetsu with the investment.
- **Tokyo Tatemono** acquired a minority equity interest in **Nippon Steel Kowa Real Estate/Lendlease's** ~\$500m Docklands tower project in Melbourne. The transaction marks Tokyo Tatemono's first venture into rental housing in Australia.
- **Marubeni, Haseko Corporation and Mizuho Leasing** entered into a partnership with AsheMorgan on a \$600 million "District Living" BTR project in Melbourne Docklands. Stage 1 of the project consists of 626 units of high-quality housing and the construction is expected to complete in late 2027. Stage 2 will take the total to around 925 apartments across two buildings. **Marubeni** is taking the role of co-asset management together with AsheMorgan. This marks Marubeni's first entry into Australia's residential sector.
- **Kajima Corporation** entered the Australian "living" sector in June 2025 via a joint venture with Pro-invest Group to develop a ground-up BTR development portfolio. The platform targets approximately \$500 million of initial investment, with ambitions to scale to around \$1.5 billion over the medium term, commencing with an initial ~300-unit Sydney project.
- **Sumitomo Forestry Australia** entered a joint venture with Cedar Pacific to develop a nine-storey, 217-unit mass-timber co-living project at Wolli Creek in Sydney. Announced in December 2025, the project represents **Sumitomo Forestry's** second collaboration with Cedar Pacific and combines two emerging themes: co-living as a distinct urban residential format, and mass timber as an alternative mid-rise construction method.

• Kanden Realty & Development:

- entered a partnership with Castle Group for a residential land subdivision project in Schofields, Sydney, involving the development and sale of 126 residential lots across approximately 4 hectares; and
- invested alongside Novus Holdings in the *Novus on Spencer* build-to-rent development in West Melbourne, comprising 190 apartments across 19 levels at 405-421 Spencer Street. This marks Kanden's first direct investment in the Australian build-to-rent sector.

Operating platforms over assets

An expanding cohort of investors is now pursuing a diminishing pool of conventional opportunities. We expect this to accelerate interest in platform-style investments rather than single assets, particularly where those platforms provide deal flow, operating capability and scale. Recent examples illustrate this shift:

- In 2024, **Sumitomo Forestry** acquired a 51% controlling shareholding in Metricon, Australia's largest homebuilder and now has a 21.4% share of the Top 20 builder market and almost three times larger than NEX Building Group (82% owned by **Asahi Kasei**),⁶² giving **Sumitomo Forestry** a platform which changes the commercial dynamic with land developers and building materials suppliers.
- In June 2025, **Samty Holdings** (part owned by **Daiwa Securities Group**) agreed to acquire a majority shareholding in UniLodge for approximately \$600 million. UniLodge is Australia and New Zealand's largest Purpose-Built Student Accommodation (PBSA) operator and also owns Essence Communities, the country's largest white-label BTR operator, making the investment a direct entry into an asset-light operating platform rather than a single property.
- In June 2025, **Tokyo Tatemono** acquired a minority equity interest in a \$500 million Melbourne Docklands BTR project alongside Lendlease and **Nippon Steel Kowa Real Estate**, marking its first residential investment in Australia and providing access to pipeline exposure rather than stabilised assets.

This reflects a structural shift toward securing pipeline, delivery capability and recurring exposure. By investing in platforms rather than standalone assets, Japanese investors are increasingly prioritising pipeline visibility, execution capability and recurring exposure to Australia's housing and urban development cycle.

⁶² Housing Industry Association, *HIA Housing 100 2024/25 – Australia's Largest Homebuilders and Residential Developers* (2025).

Capital recycling and partnership continuity

A further evolution has been the increasing use of capital recycling strategies alongside new partnership-led deployments. Rather than maintaining static long-term holdings, Japanese real estate investors are increasingly selling down mature positions and redeploying capital into new sectors and geographies through established local partners.

Investors have reduced exposure to stabilised office and build-to-rent portfolios while introducing new capital partners into existing mixed-use projects, enabling both portfolio rotation and broader institutional participation. At the same time, new joint ventures have been formed with Australian operators across logistics and residential developments, including expansion into emerging growth markets such as Brisbane.

Transactions announced early in 2026 illustrate this shift. For example, **Mitsubishi Estate** broadened the capital base for Rozelle Village (Sydney) by bringing in additional Japanese co-investors, including **Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN)**, **Toho Gas Real Estate Development** and **Meitetsu City Design** (part of the **Nagoya Railroad Group**). At the same time, it has recycled capital by divesting its remaining 19.9% interest in Salesforce Tower (Sydney) to OUE REIT and exiting stabilised exposure through the sale of its 48.5% interest in the LIV Mirvac BTR Fund to Australian Retirement Trust.

In parallel, new joint ventures continue to be formed with established Australian operators, including **Mitsubishi Estate's** first partnership with ASX-listed Charter Hall on the Fitzgerald Road Logistics Hub (Melbourne) and its residential expansion into Queensland through projects such as The Tannery West End in Brisbane and the Elements Budds Beach luxury apartment development on the Gold Coast, both delivered in partnership with McNab and Ray White Capital.

This pattern reflects a maturing investment approach. Australian real estate is no longer viewed solely as a destination for long-duration passive holdings, but as an active platform through which capital can be recycled, partnerships deepened and exposure rebalanced across sectors and cities.

Australian real estate companies in Japan

Australian-headquartered managers/developers active in Japan continued to expand their presence through platform investments, land acquisitions and development-led strategies during 2025:

- In March 2025, **Macquarie Asset Management** announced the creation of a \$3.5 billion pan-Asian logistics platform (UIB) with Unified Industrial/Boustead Projects Limited, focused on acquiring, developing and managing industrial/logistics properties across Japan

(and China). The platform includes logistics projects in Japan such as Anpachi, Konan and Tatsumi.

- **Goodman Group** entered the Japanese market in 2007 and has built a successful logistics and data centre business. Recent projects include:
 - \$1 billion logistics and business park at Chiba New Town in a growth corridor of Greater Tokyo.
 - \$4 billion cargo hub at Japan's Narita International Airport.
 - Data centre campus at Tsukuba City, near Tokyo that has 1,000MW of power capacity.
- **Challenger** first purchased commercial property in Japan in 2006 and currently owns 28 commercial properties throughout Japan.
- **Lendlease** marked its 38th year operating in Japan in 2025 and has developed deep relationships with Japanese partners including **Mitsubishi Estate**, **Daiwa House** and **Nippon Steel Kowa Real Estate**. These relationships not only facilitate development opportunities within Japan, but also support Japanese investment into Lendlease's Australian and international pipeline. In Japan, activity has continued to expand beyond traditional real estate into next-generation sectors. Lendlease commenced its second 70MW data centre in Saitama, is advising **SoftBank** on its Hokkaido data centre development and is partnering with **Mitsubishi Estate** to secure a third data centre facility. Lendlease also completed the repositioning and subsequent sale of a 40,000 sqm innovation/office/retail asset in Yokohama and divested its first completed data centre to Hulic.

Residential housing and industrialised delivery

Japanese-style prefabricated housing is often cited as a potential response to Australia's housing supply challenges. In Japan, where around 15% of new homes are factory-built (compared to around 7% in Australia), prefabrication has developed within a dense, standardised and vertically integrated housing ecosystem that allows builders to coordinate design, manufacturing and delivery at scale.

By contrast, Australia's construction sector remains fragmented and geographically dispersed. The advantages of factory production can be quickly eroded by long-distance transport, regulatory variation between jurisdictions, and the more customised nature of Australia's detached housing stock. As a result, the Japanese model cannot simply be transplanted – it depends on system-wide integration and logistical efficiency that Australia does not yet possess. Leading Japanese developers entering Australia have therefore focused on capital deployment and development

partnerships rather than attempting to replicate full manufacturing-led delivery models.

The more transferable lesson lies in industrialised delivery systems rather than factory-built housing itself. In mid-2025, the South Australian Government committed more than \$50 million to modular housing initiatives, reflecting growing recognition that industrialised delivery will depend on building domestic capability. While not directly linked to Japanese investment, the policy direction aligns with lessons drawn from Japan's integrated housing systems.

Additional cross-border collaboration is also emerging. At the Australia Pavilion during World Expo 2025 Osaka, Japan's **Serendix** and Australia's Planum Partners signed an MOU to explore the introduction of 3D-printed housing technology to Australia, including a proposed demonstration home and feasibility study in Queensland.

Platform deepening in detached housing

Within detached housing, Japanese owners are increasingly deepening capability rather than pursuing new acquisitions.

Asahi Kasei's NEX Building Group has expanded into land development via "Nex Property Australia" to create a more secure and repeatable pipeline for its brands – a strategy that directly responds to Australia's fragmented supply chain and cyclicalities in greenfield lots.

This "entrenchment" pattern is evident across the cohort. **Sumitomo Forestry** continues to position its Australian housing activities as a multi-brand, national operating platform built over time (including Henley Properties Group (acquired 2009), Wisdom Properties Group (2016), Scott Park Group (2019)), while **Daiwa House's** Rawson Group (acquired in 2017) is evolving from a pure homebuilder toward a more integrated model incorporating land development.

Meanwhile, **Prime Life Technologies** (ultimately owned by **Toyota Motors and Panasonic**) (via **Misawa Homes**) established its Australian presence through the acquisition of a 51% shareholding in Homecorp in 2019 which has been framed as a long-term growth platform, underscoring a broader shift toward through-cycle operating exposure rather than one-off project investment.

Japanese homebuilders have increasingly expanded offshore, with the United States emerging as the primary market of focus given its scale, population growth and continued household formation. Leading Japanese homebuilders including **Sekisui House, Sumitomo Forestry, Daiwa House** and **Asahi Kasei** have all built significant U.S. platforms through acquisitions and partnerships across residential development and the broader housing supply chain. Australia remains the natural secondary market for international expansion, offering similarly favourable population growth dynamics, institutional stability and housing demand fundamentals.

It is expected that other leading Japanese home builders will enter the Australian market in the next 12-18 months, which would have occurred earlier but was interrupted by three years of COVID disruption.

Residential outlook: Scaling from assets to precincts

In 2025, more Japanese mid-sized real estate companies and investment funds than ever were actively undertaking due diligence on Australian development and investment opportunities. This heightened interest is being supported by Australian intermediaries, with firms such as Cushman & Wakefield, CBRE and JLL continuing to build out capital markets capabilities focused on introducing curated opportunities to offshore investors.

An emerging appetite for Japanese-style "urban development", mixed-use precincts combining housing, employment, retail and strong transport connectivity, has also strengthened. In 2025, this thesis became more explicit and precinct-scale.

Institutional collaboration has also expanded alongside private investment. In May 2025, Japan's **Urban Renaissance Agency (UR)** signed a memorandum of understanding with the NSW Government covering housing, urban development and transport-oriented development cooperation.

Mirvac and **Mitsubishi Estate** announced a 50:50 partnership for the Harbourside redevelopment at Darling Harbour (end value greater than \$2 billion).

This example illustrates a clear evolution: Japanese groups are increasingly supporting integrated, well-connected urban precincts in Australia's major cities via platform-style partnerships with established local developers.

Mitsubishi Estate Co., Ltd. (MEC): From Marunouchi to Salesforce Tower, Sydney

1. **Roots in Marunouchi:** The Mitsubishi *zaibatsu* acquired the Marunouchi district in 1890, forming the foundation of MEC's long-standing "city-building" franchise centred on integrated, transport-linked urban development.
2. **Formal establishment:** MEC was formally established in 1937 to manage the real estate holdings of the Mitsubishi *zaibatsu*, consolidating key construction capabilities and prime real estate assets within a dedicated entity.
3. **Post-war consolidation:** Following the dissolution of the Mitsubishi *zaibatsu*, MEC continued as the group's principal real estate company and was listed on the Tokyo Stock Exchange in 1953.
4. **Expansion into residential:** MEC formally entered residential development and condominium sales in 1969, establishing a core capability in delivering high-quality urban housing within mixed-use environments.
5. **Regional platform creation:** Mitsubishi Estate Asia Pte. Ltd. was established in Singapore in 2008 to pursue opportunities across Southeast Asia and Oceania.
6. **Australian market entry:** MEC entered the Australian market in 2016 through participation with Lendlease in the Melbourne Quarter East Tower project, marking the start of its long-term investment presence.
7. **Strategic local presence:** MEC opened its Sydney branch in 2021, later establishing its office in Salesforce Tower, reflecting Australia's growing strategic importance within MEC's Asia-Pacific portfolio.
8. **Growing project footprint:** Since entering the Australian market, MEC has participated in 26 projects across office, residential (including living-sector formats) and mixed-use developments, building a diversified urban development footprint.
9. **Partnership-led urban strategy:** MEC's Australian approach emphasises transit-oriented CBD assets and repeat local partnerships, including developments such as Parkline Place and its seventh collaboration with Lendlease through the 175 Liverpool Street luxury residential project (announced July 2025), undertaken alongside Nippon Steel Kowa Real Estate.
10. **Cultural and community engagement:** Beyond real estate investment, MEC has demonstrated long-term commitment to Australia through cultural and sporting partnerships, including serving as a Wallabies partner and Rugby World Cup sponsor since 2019, extending through to the Men's Rugby World Cup 2027 to be held in Australia.

Trend 5: Consumer, retail and business services

In 2025, Japanese investment across Australia's consumer, retail and business services landscape reflected a continued evolution away from purely brand-led acquisitions toward businesses offering operational leverage, recurring revenue and structural demand resilience.

While Australia remains a relatively high-cost operating environment compared with Japan, it continues to offer attractive long-term returns where scale, service integration and market fragmentation create opportunities for consolidation and margin stability. Japanese investors appear increasingly comfortable with this trade-off, targeting sectors where defensible demand and embedded customer relationships support long-term earnings growth.

Deal activity in 2025 also highlighted a subtle but important shift in strategy with less emphasis on

"Australian provenance for export" and greater focus on acquiring platforms capable of scaling domestically before expanding offshore.

This was evident across:

- premium consumer experiences
- building and technical services
- supply-chain-linked materials
- energy-adjacent industrial services

Transactions such as **Colowide's** acquisition of Seagrass Boutique Hospitality, **Sojitz's** move into energy-efficient mechanical services via Climatech, and **Nabtesco's** investment in building automation through Access Entry signal a preference for scalable formats with recurring service income and rollout potential.

Across these sectors, the emphasis appears increasingly on long-term participation in Australia's domestic economy rather than short-term export-led growth narratives.

Consumer, retail and lifestyle

Consumer-facing investment in 2025 was notably more selective.

Rather than pursuing mass-market retail exposure, Japanese acquirers targeted premium, differentiated or structurally advantaged niches where brand strength, experience or digital capability can underpin defensible market positioning.

Colowide's acquisition of Seagrass Holdco in July 2025 reflects continued confidence in Australia's premium dining and experience-led hospitality segment, where strong domestic demand and tourism flows support growth. The transaction represents **Colowide's** first major platform investment in Australia's upscale hospitality sector and signals a strategic move beyond Japan into scalable, experience-led dining formats with rollout potential across metropolitan and tourism-driven markets.

Selectivity was also evident in the willingness of Japanese investors to enter regulated digital consumer categories. **MIXI Australia's** acquisition of a controlling shareholding (66.43%) in ASX-listed PointsBet signalled appetite for technology-enabled consumer platforms where user engagement, product capability and licensing/compliance barriers can create defensible market positions. The transaction provided **MIXI** with exposure to Australia's highly developed and tightly regulated wagering market, where gambling expenditure on a per-capita basis is significantly higher than in Japan, as well as a foothold in Canada's newly regulated online betting market, centred on Ontario following its April 2022 opening to private operators. The investment aligns with **MIXI's** strategy of globalising its "social betting" model, integrating wagering with social engagement, community features and interactive sports experiences, while leveraging established local platforms and regulatory licences to scale internationally.

Tokyo Lifestyle's establishment of an Australian subsidiary in 2025 marked a greenfield entry into the local market, with the new entity created to support the rollout of its first directly operated Australian retail store in Sydney's Chinatown. This reflects a deliberately controlled market-entry model rather than a capital-intensive acquisition. Australia is positioned as a priority growth geography within **Tokyo Lifestyle's** international strategy, offering access to affluent urban consumers and serving as a potential platform for further rollout across the Asia-Pacific region.

New market entry also remained a feature of 2025 activity, with several Japanese consumer and lifestyle brands establishing a direct presence in Australia.

Saizeriya's planned Australian market entry in 2026 reflects a renewed consumer push following an earlier operational presence in Australia in the early 2000s, when the group established local production capability but

did not proceed with restaurant rollout. **Saizeriya** is one of Japan's largest casual dining chains, with a significant footprint across Asia.

Kyoto Katsugyu, a rapidly expanding Japanese restaurant group known for its premium beef katsu concept, entered Australia through the opening of its first Sydney location, extending its international footprint to a ninth country.

ANCHOR Corporation launched Age.3 Sydney, introducing its specialty food retail concept to the Australian market.

In premium beverage distribution, **Shibataya Holdings**, a long-established Japanese alcohol distributor with operations in Asia and Europe, established a Melbourne branch to support wholesale sake distribution, while luxury sake brand **SAKE HUNDRED** entered the Australian market through local partnerships.

Kawai Australia, part of **Kawai Musical Instruments Manufacturing** – one of Japan's leading piano makers – also shifted to a direct-to-consumer model through the opening of its first company-owned showroom in Brisbane, marking a transition from its historical wholesale-only approach.

Together, these investments point to a shift toward consumer formats where brand, experience or digital capability provide defensible positioning and consolidation potential rather than reliance on volume-driven retail.

Food, agribusiness and consumer nutrition

Japanese activity in food and agribusiness continues to reflect long-standing strategic priorities around supply chain security and premium product positioning.

Ajinomoto invested in Australian plant-based protein company v2food in August 2025, forming a strategic partnership to accelerate development and commercialisation of alternative-protein products. The partnership reflects **Ajinomoto's** global push into sustainable nutrition and next-generation protein solutions, expanding beyond its traditional seasoning and amino acid businesses.

Marubeni's divestment of Rangers Valley represents portfolio rotation rather than retreat, consistent with a disciplined capital recycling approach. **Marubeni** had owned Rangers Valley since 1988, growing it from a small-scale operation into a fully integrated premium beef platform comprising a 40,000-head feedlot, associated land (4,900 hectares), cattle inventory and the Rangers Valley branded export business. The sale was undertaken in line with **Marubeni's Mid-Term Management Strategy GC2027**, which emphasises asset replacement and investment recovery to reallocate capital toward higher-growth opportunities.

Beyond M&A transactions, 2025 marked a phase of operational refinement for major Japanese consumer groups already embedded in Australia.

For **ASAHI Group**, the year was characterised less by acquisitions and more by platform optimisation, including leadership integration under a unified operating model and a \$60 million investment in canning capacity at its Yatala brewery in Queensland aligned with shifting consumer preferences from bottles to cans.

Kirin, through Lion, similarly sharpened its Australian focus in 2025, building on earlier portfolio rationalisation including the sale of Lion Dairy & Drinks in 2020. Since exiting dairy, **Kirin** has centred its strategy on beverages, premiumisation and no/low-alcohol offerings, with 2025 reflecting continued prioritisation of these core segments.

Together, these developments suggest Australia remains a core long-term consumer market for Japanese strategic investors, with 2025 representing a phase of execution and consolidation rather than expansion through major new acquisitions.

Packaging, materials and supply-chain services

Japanese investors also continued to build exposure to packaging and materials businesses linked to logistics, warehousing and Fast-Moving Consumer Goods (FMCG) supply chains, where demand is broad-based and less discretionary.

Within Australia, the corrugated packaging market remains concentrated, led by Visy (approximately 53% market share), with **Nippon Paper** (via Opal) holding the second position at around 31%. Oji Fibre Solutions had an 8% market share before the sale to Abbe Group.

Key transactions for 2025 spanned packaging production, distribution and critical upstream inputs supporting FMCG supply chains:

- **KPP Group** (through its Australian subsidiary Spicers Australia) acquired the packaging distribution business of ABL Distribution. The acquisition strengthens the position of its subsidiary Signet, a Brisbane-based distributor of industrial packaging and warehouse consumables, in segments tied to logistics growth and e-commerce fulfilment. **KPP Group**, originally established as a paper trading company, has over the past decade transformed itself into a global paper and packaging distribution platform through acquisitions in Europe, North America and Australia. Australia represents a key market in this strategy, with opportunities for consolidation across fragmented value-added supply chains.

- **Japan Pulp & Paper** (via Ball & Doggett) acquiring flexible packaging manufacturer Caspak Products. As one of the world's largest paper trading companies, **Japan Pulp & Paper** has increasingly shifted toward downstream value-added materials and distribution businesses globally.
- **Sakata INX's** acquisition of Galaxy Inks & Coatings complements this trend from a different position in the value chain. Through its subsidiary INX International, **Sakata** moved to acquire its sole Australian distributor, strengthening its presence in printing inks and coatings used across packaging and labelling applications, a critical input layer supporting FMCG distribution.

These deals reinforce a consistent Japanese thesis: targeting fragmented, service-led packaging segments where procurement scale, distribution efficiency and operational discipline can progressively enhance margins.

At the same time, **Oji Fibre Solutions'** divestment of its Australian corrugated packaging operations to the Abbe Group in October 2025 constituted a meaningful reshaping of its local footprint, underscoring that Japanese participation in packaging reflects both expansion and selective portfolio rationalisation.

Energy-linked business services

Another notable theme was the expansion into energy-adjacent services rather than upstream resource exposure. **Nippon Sanso's** acquisition of Coregas from Wesfarmers underscores interest in industrial gases and supporting services essential to manufacturing, construction and infrastructure delivery.

Nippon Sanso completed its acquisition of Coregas in October 2025 for approximately \$770 million, with approximately US\$163 million financed by JBIC. The transaction, **Nippon Sanso's** fourth Australian acquisition, significantly expands its footprint in industrial gases, welding and related services across Australia and New Zealand. Coregas operates a nationwide distribution and service network supplying oxygen, nitrogen and specialty gases to sectors including infrastructure, fabrication, healthcare and industrial processing. For Nippon Sanso, one of the world's largest industrial gas suppliers and part of **Mitsubishi Chemical Group**, the acquisition strengthens its downstream distribution capability in a stable, developed market.

Combined with Japanese investments in energy-efficient mechanical services such as HVAC and building optimisation platforms, the transaction highlights a broader shift toward enabling technologies and services that support decarbonisation, efficiency and industrial continuity – rather than direct ownership of energy production assets.

Business and industrial services

A defining feature of 2025 activity was the strong focus on service-oriented businesses positioned close to infrastructure, buildings and industrial operations. Transactions such as **Sojitz's** acquisition of a 70% shareholding in Climatech (April 2025), **Nikken's** acquisition of Chadwick Forklifts (May 2025), and **Nabtesco's** majority acquisition of Access Entry (June 2025), illustrate a consistent strategy: acquiring technical service platforms with installed bases and ongoing maintenance requirements.

This reflects a deliberate move by Japanese acquirers into downstream service capability rather than pure equipment or product exposure. **Sojitz**, traditionally known for its trading and infrastructure activities, expanded into New South Wales-based Climatech's energy-efficient HVAC and mechanical services platform – a contractor servicing commercial and industrial buildings – where its global experience in infrastructure and energy systems may also support expansion into building optimisation and decarbonisation-linked services. The acquisition of Climatech was made through Ellis Air which **Sojitz** acquired a majority shareholding in 2023.

Nabtesco, a global leader in motion control systems and automation technologies, strengthened its building access and servicing footprint via Access Entry, an Australia-wide installer and servicer of automatic doors across healthcare, retail and transport infrastructure. The transaction provides a local service platform through which **Nabtesco** can integrate higher-spec automation, monitoring and lifecycle maintenance offerings.

Nikken, one of Japan's largest construction and industrial equipment rental providers, added Victoria-based Chadwick Forklifts, a materials handling rental and maintenance business supporting warehousing and logistics operators. The acquisition aligns with Nikken's global model of pairing equipment leasing with servicing capability and may support the introduction of fleet optimisation, telematics and rental solutions.

These businesses share common characteristics:

- installed asset bases
- recurring maintenance revenue
- regulatory or operational necessity.

This makes them comparatively resilient to short-term economic cycles.

For Japanese investors – many of whom bring deep expertise in equipment, automation and facility systems – such platforms offer the opportunity to apply operational know-how while participating in Australia's ongoing demand for:

- building efficiency
- automation
- and logistics capability.

Strategic partnerships and evolving investment strategy

In parallel with transactional activity, 2025 also saw the strengthening of institutional and capability-based partnerships.

TMI Associates (a top 5 Japanese law firm) formed a strategic alliance with Australian commercial law firm, Johnson Winter Slattery, establishing a Sydney Desk to support cross-border legal services.

Government collaboration also progressed, with **Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF)** and Australia's Department of Agriculture, Fisheries and Forestry (DAFF) agreeing to modernise agri-food value chains.

Meanwhile, **Kita-Sanriku Factory** partnered with Deakin University on land-based aquaculture trials, reflecting growing bilateral cooperation in sustainable food production technologies.

These developments reflect a broader shift in Japanese investment strategy in Australia, with investors increasingly prioritising:

- operational platforms over standalone brands
- recurring service revenue over transactional exposure
- and domestic participation over export dependency.

This marks a continued maturation of Japanese investment strategy in Australia, moving from ownership of production assets toward embedded participation in service-led and value-chain critical businesses.

Established Japanese presence

Beyond 2025 transactions, Japanese corporates remain deeply embedded across Australia's consumer and service ecosystems, providing the operational foundation that increasingly underpins newer platform-led investments.

Komatsu Australia (owned by **Komatsu Ltd** (62%) and **Mitsui & Co.** (38%)) and **Hitachi Construction Machinery Australia** (owned by Hitachi Construction Machinery (80%) and **Marubeni** (20%)) are well established in supplying mining equipment fleets alongside spare parts and lifecycle maintenance services. Both are increasingly working with customers on

electrification, autonomous vehicle deployment and decarbonisation initiatives.

Nippon Paint, through its acquisition of DuluxGroup, holds approximately 50% of Australia's retail paint market. DuluxGroup commenced a major new manufacturing facility in Victoria in 2025, reinforcing its market leadership.

Japanese service-sector participation is also visible in recruitment and mobility, with **Matching Service Japan's** acquisition of FourQuarters Recruitment adding to the presence of **Recruit** (Chandler Macleod), **Will Group** (Quay Appointments, DFP Recruitment, u&u and Ethos BeathChapman) and **Persol** (Programmed).

Japan's retail presence continued expanding, reflecting Australia's attractiveness as a premium-priced consumer market where higher operating costs can still be supported by scale and format execution. **UNIQLO** is approaching 40 stores nationally, while **MUJI** operates 6 stores and has announced an Australian flagship store in Melbourne's CBD (opening early 2028), and **DAISO Australia** has 36 stores. Further Japanese consumer brands have signalled interest in Australia as a growth market, with new entrants emerging in adjacent categories, including Japanese specialty coffee (**% Arabica's** first Australian store planned for Bondi in Sydney) and food-service platforms (**Genki Global Dining Concepts'** agreement to acquire Sushi Sushi in February 2026).

Since **Seven & i Holdings** completed its acquisition of 7-Eleven Australia in April 2024, the network has begun expanding beyond its existing 750-store footprint toward a stated target of 1,000 outlets by 2030. More than 150 stores have already been refurbished incorporating automated, high-quality food preparation technology. The rollout illustrates the broader potential of combining Australia's consumer market with Japanese operational and supply chain expertise, including changes to merchandise mix, fuel strategy and expanded food offerings. 7-Eleven Australia has also been introducing locally adapted versions of prepared-food concepts associated with Japan's convenience-store model, working with local suppliers and partners to tailor products proven in Japan to Australian tastes and regulatory requirements. These initiatives have helped support food and beverage sales as tighter tobacco regulation and cigarette tax increases reduced tobacco sales, with full compliance under Australia's new tobacco laws required from 1 July 2025.

Trend 6: Financial services (insurance, banking, funds management)

Japanese investment in Australia's financial services sector continues to deepen, although its form differs materially from other industries. Rather than competing directly within Australia's concentrated retail banking market, Japanese institutions have focused on life insurance, wholesale banking, project finance and funds management – areas where long-duration capital, demographic alignment and institutional capability offer structural advantages.

Australia's financial system remains dominated by the "Big Four" banks. Since 1990, the Federal Government's informal "Four Pillars" policy has effectively prevented domestic mergers or foreign takeovers among these institutions, reinforcing their market position alongside sustained profitability by global standards. By contrast, Japan's economy is more than double the size of Australia's yet is served by only three major megabanks. The strength of Australia's four major banks makes meaningful entry into the retail market unrealistic for foreign institutions – even as the rise of non-branch models such as Macquarie Group (now Australia's fifth-largest home loan provider by balances), demonstrates that scale can be achieved without a traditional retail footprint.

Insurance

Life insurance

The most significant structural shift in Japanese participation in Australian financial services over the past decade has occurred in life insurance.

Japanese insurers first entered the Australian market through minority strategic investments and partnerships in the early 2010s, reflecting a broader search for growth beyond Japan's mature domestic market. Their role expanded materially following the progressive retreat of Australian banks from the bancassurance model after the Banking Royal Commission, creating a pathway for globally backed insurers to acquire standalone platforms.

Dai-ichi Life's acquisition of TAL in 2011 and **Nippon Life's** progressive build-out through MLC Life and Resolution Life established the foundations of Japanese ownership in Australia's retail life insurance ecosystem. While several of the most consequential transactions were announced in 2024, their completion during 2025 reinforced the continued transfer of ownership of Australian life platforms toward international insurers.

Nippon Life continued to deepen its Australian platform during 2025 through the integration of MLC Life (80% acquired in 2016 and fully acquired in May 2022 from National Australia Bank) and Resolution Life (global acquisition completed October 2024) under the unified 'Acenda' brand. The emergence of Acenda marks a transition from standalone life entities toward integrated

retirement-aligned insurance platforms, mirroring Japan's own evolution toward longevity-linked financial solutions.

Dai-ichi Life similarly reinforced its position through TAL, including structural simplification of its Australian life entities and the April 2025 acquisition of a 15.1% shareholding in ASX-listed Challenger from **MS&AD** for approximately \$650 million, followed by an agreement to acquire a further 4.8% shareholding from Apollo Global Management, bringing TAL's total interest to 19.9%.⁶³ This investment is strategically significant in linking protection products with retirement income and annuity solutions – a core theme in Japan's domestic insurance evolution now being applied to Australia's maturing superannuation system.

Together, these developments highlight a broader evolution in Japanese strategy, from acquisition-led entry toward integrated platforms capable of servicing retirement-phase financial needs. This expansion also supports a broader objective among Japanese life insurers to diversify premium income beyond Japan's mature domestic market. Japan's own experience managing ageing populations aligns closely with Australia's maturing superannuation system.

This shift has occurred alongside a transformation in the Australian life sector itself. A market once dominated by domestic banks and mutuals is now led by globally backed providers including TSE-listed **Dai-ichi Life**, mutual **Nippon Life**, Hong Kong-listed AIA and Swiss-listed Zurich.

Australia remains attractive to Japanese insurers as a long-duration growth market due to:

- steady population growth
- rising retirement balances
- strong prudential regulation
- a compulsory savings system generating long-duration liabilities

Standalone life cover also remains structurally underpenetrated. Only around 2% of Australians hold separate life insurance policies compared with approximately 6% in Japan. Group life within superannuation remains dominant, reinforcing the long-term opportunity for Japanese-owned platforms to expand retail protection penetration.

Post-Royal Commission regulatory reforms,⁶⁴ including restrictions on bundled distribution and higher APRA capital requirements, have raised compliance costs and reshaped traditional distribution models, making scale, governance and product innovation increasingly important competitive advantages; areas where large international insurers with experience operating across multiple regulatory environments may hold an advantage.

Today, Japanese-owned platforms are firmly embedded within the leadership cohort of the Australian life market:

- **Dai-ichi Life** (via TAL) – market leader with ~34% share of in-force premiums
- **Nippon Life** (via Acenda) – ~14% share and among the top three providers, following the merger of MLC Life (previously ranked fourth) and Resolution Life's Australian operations (ranked sixth).

Together, TAL and Acenda now represent two of the three largest life insurance platforms in Australia by in-force premiums.

Australia sits within a rapidly expanding offshore earnings base for Japanese insurers. In the first half of FY2025, **Dai-ichi Life's** overseas business contributed approximately 28% of Group adjusted profit, highlighting the strategic importance of platforms such as TAL within its global portfolio as Japanese insurers increasingly rebalance earnings toward international retirement markets. In the nine months to December 2024, TAL accounted for approximately 40% of **Dai-ichi Life's** overseas earnings, reinforcing Australia's role as a key profit centre.

Not all investments have translated into long-term platform positions. **Daido Life's** 14.9% shareholding in Integrity Life (made in 2018) preceded the closure of the business to new sales in 2023 and the subsequent transfer of its policy book to AIA in 2025. **Sony Life** similarly entered the Australian market through a 14.9% shareholding in ASX-listed ClearView in 2016, with a time-limited pathway to increase ownership to 50.1%. While that cooperation arrangement lapsed in 2018, **Sony Life** remained a shareholder (owns 16.1%) and is expected to exit its position as part of Zurich's agreed 2026 acquisition of ClearView.

⁶³ In Australia, acquisitions of 20% or more of a regulated financial institution may trigger additional regulatory approvals under financial sector legislation, including review by the Treasurer under the *Financial Sector (Shareholdings) Act 1998* (Cth). Strategic investors therefore commonly structure holdings just below this threshold.

⁶⁴ [Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry \(Hayne Royal Commission\)](#)

General insurance

Australia's general insurance market remains highly competitive and continues to be dominated by a small number of large incumbents (IAG, Suncorp, QBE and Allianz). In this environment, Japanese insurers have generally chosen not to compete for mass-market personal lines at scale, instead focusing on areas of differentiation including specialty underwriting, broker-led distribution, risk engineering and product innovation.

Japan's major non-life insurers, TSE-listed **Tokio Marine**, **Sompo** and **MS&AD** have maintained a long-standing Australian presence, but their strategy has differed structurally from domestic retail majors. Rather than replicating broad personal lines platforms, Japanese groups have built capability across specialty and commercial segments, using Australia as a stable OECD market from which to expand underwriting expertise in areas such as accident & health, marine and cargo, travel, small to medium-size enterprise (SME) insurance and emerging risk classes. In Japan itself, **Tokio Marine**, **Sompo** and **MS&AD** collectively dominate the domestic non-life market, controlling close to 90% of underwriting business.

Tokio Marine has one of the longest operating histories of any Japanese insurer in Australia. Established locally in 1963, it has operated in the market for over 60 years, initially supporting trade-linked underwriting before expanding materially over the past decade into specialty lines. This expansion has included the development of consumer-facing travel capability through World2Cover (launched 2015) and the acquisition of Accident & Health International (AHI) in 2019 (a broker-distributed accident and health platform previously owned by IAG). **Tokio Marine** also continues to expand in Australia through **Tokio Marine HCC's** specialty underwriting platform, including cyber, marine and accident & health lines.

Sompo has similarly leveraged Australia as part of its broader global Property and Casualty (P&C) insurance footprint. Following consolidation within Japan's non-life sector and the formation of its modern group structure in 2014, **Sompo** has maintained an Australian branch presence dating back to 1999. Its local operations typically focus on commercial and specialty underwriting delivered through agency distribution rather than mass retail channels. **Sompo's** Australian strategy increasingly aligns with its global commercial P&C expansion, particularly across middle-market risk segments.

MS&AD, formed in 2010 through the integration of major Japanese insurers, has expanded internationally with a strategic emphasis on partnership-led growth. In Australia, its presence is most visible through specialty capacity arrangements and alliances, reflecting a broader preference for capital-light market entry via underwriting expertise, reinsurance and collaboration rather than direct retail expansion. This capital-light approach mirrors **MS&AD's** broader international strategy of deploying

underwriting expertise rather than balance-sheet-heavy retail expansion.

Japanese general insurers in Australia

- **Tokio Marine**: founded 1879; operating in Australia since 1963; expanded specialty offerings including World2Cover (2015) and AHI acquisition (2019).
- **Sompo**: roots spanning ~130+ years; Australian branch active since 1999; typically specialty/commercial via agency distribution.
- **MS&AD**: formed 2010 via integration; Australian growth largely partnership/capacity-led.

More recently, these non-life insurers have continued to expand their Australian engagement through innovation and partnerships rather than large-scale acquisitions. Recent developments have included:

- In December 2024, **Sompo Risk Management** signed an agreement with Australian satellite firm ANT61 to explore joint solutions addressing communications-loss risk in satellite launches, supporting improved mission success rates highlighting expansion into emerging space-risk insurance markets.
- **MS&AD** continued to deepen its Australian presence through both underwriting partnerships and balance sheet alignment:
 - **Mitsui Sumitomo Insurance (MSI)**, the core non-life insurance subsidiary of **MS&AD**, entered into a multi-year SME underwriting capacity agreement with Argyle Insurance (limits of up to \$7 million).
 - **MS&AD** maintained its strategic relationship with ASX-listed Challenger through annuity and reinsurance arrangements, while transferring its 15.1% shareholding to **TAL Dai-ichi Life Australia** in April 2025. **MS Primary, a subsidiary of MS&AD**, continues to provide Challenger Life with reinsurance support of up to ¥50 billion per year reinforcing long-term collaboration across annuity and reinsurance solutions.
 - **MSI** also entered into a multi-year capacity agreement with Australian underwriting agency Allstate Underwriting to support its farm and agribusiness insurance products, illustrating Japanese insurers' continued use of specialist managing general agents (MGAs) to access niche segments of the Australian market.

These developments reinforce the positioning of Japanese insurers in Australia as specialist risk providers and long-term underwriting partners rather than retail-scale competitors.

Banking and finance

Rather than pursuing retail market share, Japanese banks have embedded themselves within Australia's corporate, infrastructure and resource financing ecosystem

The three Japanese megabanks – **Sumitomo Mitsui Banking Corporation (SMBC)**, **Mitsubishi UFJ Financial Group (MUFG)**, and **Mizuho Financial Group (Mizuho)** – alongside institutional lenders **Norinchukin**⁶⁵ and government institutions such as **JBIC** and **JOGMEC** – are now among the most active international lenders in Australian syndicated and project finance markets

Japanese financing continued to act as a key enabler of Australian project delivery in 2025, particularly in sectors aligned to Japan's long-term supply security priorities:

- A ¥57 billion Japan-backed financing package (including participation from **JBIC**, **Mizuho**, **SMBC** and **MUFG**) supported **JFE Steel's** partial acquisition of an interest in the Blackwater coal mine in Queensland, framed around securing long-term supply of steelmaking inputs for Japan and reinforcing critical supply chain links between Australia and Japan.
- **Nippon Sanso's** acquisition of Coregas was supported by a US\$163 million financing package from Japanese lenders including **JBIC**, **Mizuho Bank** and **Sumitomo Mitsui Banking Corporation**, underscoring Japan's expanding presence in Australia's industrial gas and advanced manufacturing supply chains.
- **JOGMEC** and **Sumitomo Corporation** jointly established **Japan Fluorite Corporation** to support participation in the Speewah fluorite exploration project in Western Australia (ASX-listed Tivan), with plans to invest up to \$11 million in exploration funding, including a 49% contribution from **JOGMEC**. The project is expected to supply chemical-grade fluorite used in semiconductor and advanced industrial materials, reflecting Japan's coordinated public-private approach to diversifying critical mineral supply chains.

At a time when some global lenders have narrowed mandates, Japanese institutions have maintained consistent support for long-duration infrastructure and resource-linked projects, including LNG as a transition fuel.

Beyond deal-by-deal financing, 2025 also demonstrated a strengthening of institutional financing ties between Japan and Australian states and project ecosystems. **JBIC** signed an MOU with the State of Queensland in November 2025, explicitly positioning Queensland's resource endowment (including critical minerals and

energy resources) as a foundation for deeper cooperation and investment support.

Complementing financing activity, Japan's government-backed innovation agency, **New Energy and Industrial Technology Development Organisation (NEDO)**,⁶⁶ continues to support medical and decarbonisation initiatives in Australia, reinforcing the broader public-private framework underpinning bilateral investment.

Project finance

Following a subdued 2024 for public-private partnership (PPP) and renewable financings, activity in 2025 remained selective rather than broad-based. However, Japanese lenders not only maintained their presence but increasingly underwrote complex, long-duration financings (including transmission, storage and resource security transactions) reinforcing their position as consistent project finance arrangers in the Australian market.

- PPP/grid infrastructure (long-duration): Central-West Orana Renewable Energy Zone transmission project (NSW) – approximately \$7 billion debt package for a PPP-style Design, Build, Finance, Operate, and Maintain (DBFOM) structure. Japanese lenders included **Mizuho** and **SMBC**, alongside **Norinchukin**, **Nippon Life**, and **Sumitomo Mitsui Trust Bank (SMTB)**.
- Battery storage: Quinbrook "Supernode" BESS (Queensland) – approximately \$722 million project financing, with **Mizuho** and **MUFG** participating in the lending group.
- Battery storage: Akaysha Energy "Elaine" BESS (Victoria) – approximately \$460 million construction financing supported by **Mizuho**, **MUFG** and **SMBC**.
- Renewables (wind): Clarke Creek Wind Farm (Queensland) – approximately \$1.0 billion syndicated project financing with **Mizuho** and **SMBC** among the lenders.
- Portfolio renewables financing: Neoen Australia portfolio – approximately \$1.4 billion debt financing, with participation from **Mizuho**, **MUFG** and **SMBC**.

Beyond individual transactions, Japanese banks have deepened their on-the-ground presence in recent years. **SMBC**, **MUFG** and **Mizuho** each now maintain substantial local operations, employing between 230 and 400 staff across their Australian platforms and continuing to attract senior local talent. Collectively, the three megabanks now sit just behind Australia's domestic majors in institutional market presence, reflecting their embedded role in the country's corporate and infrastructure financing ecosystem.

⁶⁵ The Norinchukin Bank, also referred to as Nochu Bank, is a Japanese cooperative bank serving over 5,612 agricultural, fishing and forestry cooperatives from its headquarters in Tokyo. It also serves as the headquarters of JA Bank and operates under the jurisdiction of the Ministry of Agriculture, Forestry and Fisheries.

⁶⁶ <https://www.nedo.go.jp/english/>.

Capital markets and advisory reach

Japanese financial groups are increasingly complementing lending/balance sheet capacity with advisory and capital markets platforms.

Examples include:

- **Mizuho Financial Group's** US\$550 million acquisition of NYSE-listed Greenhill & Co. in 2023 materially strengthened its on-the-ground advisory capability in Australia. Greenhill has a well-established investment bank business in Australia and Mizuho is leveraging this presence to win advisory mandates and provide financing. In December 2024, **Mizuho** invested US\$20 million to acquire a minority shareholding in Pollination, a climate and nature solutions firm, and entered into a strategic alliance on decarbonisation projects.
- **Nomura's** strategic alliance with Australian and New Zealand-based investment and advisory firm Jarden (2023) has expanded **Nomura's** advisory and equity capital markets reach across Australia and New Zealand.
- **Nomura Research Institute (NRI)**, through its Australian trading platform AUSIEX, acquired FIIG Holdings in June 2025. FIIG is Australia's largest specialist fixed-income provider, serving institutional investors, financial advisers and private wealth clients, with around \$4.5 billion in funds under advice and more than 6,000 clients. The acquisition expands **NRI's** presence in Australia's capital markets infrastructure and complements AUSIEX's existing capabilities in trade execution, clearing and custody services.
- **SMBC** has built a strategic shareholding in NYSE-listed Jefferies Financial Group (14.5% as at September 2024) and in September 2025 announced a further investment that would increase its economic ownership to up to 20%. Jefferies established and expanded its Australian platform from 2019 and now has a well-established local presence.
- In July 2025, the **Tokyo Stock Exchange (TSE)** and **Fujitsu Limited** signed an MOU with the Australian Securities Exchange (ASX) to explore the development of a request-for-quote (RFQ) trading platform for the Australian exchange-traded fund (ETF) market based on **TSE** and **Fujitsu's** CONNEQTOR system. CONNEQTOR enables institutional investors trading large ETF orders to request quotes simultaneously from multiple dealers, helping secure competitive pricing while minimising market impact. The initiative illustrates growing collaboration between Japanese and Australian market infrastructure providers aimed at improving institutional liquidity and trading efficiency in the region's capital markets.

Domestic platform presence

Japanese-linked financial platforms are also deeply embedded in Australia's institutional landscape (across savings, leasing and consumer finance ecosystems):

- **Mitsubishi UFJ Trust Bank's** wholly-owned subsidiary, First Sentier Investors (formerly Colonial First State Global Asset Management in Australia) now manages \$205.9 billion in assets (as at 31 December 2025).
- **Mitsubishi UFJ Trust Bank**, following its \$1.2 billion takeover of ASX-listed Link Group (a major superannuation and share registry administrator), now rebranded as "**MUFG Pension & Market Services**".
- **Mitsubishi HC Capital** and Macquarie Group's 50/50 joint venture, Vestone Capital (previously known as Macquarie Equipment Rentals), focuses on the leasing of information technology and medical assets. Vestone has grown steadily since the joint venture started in 2021 and is now well positioned for future expansion.
- **SBI Shinsei** increased its shareholding in the ASX-listed Latitude Group to 20.30% in July 2025 (from 19.29% in July 2024), expanding Japanese exposure to Australia's consumer finance and leasing ecosystem.

Funds management

Australia has one of the largest and fastest growing pools of retirement savings globally, with pension assets totalling approximately US\$2.8 trillion, ranked fourth worldwide. Australia's funds management expertise is well recognised by Japanese institutional investors, particularly in infrastructure and real estate.

Japanese investors increasingly view Australia as an important component of a diversified portfolio – combining the stability of an OECD market with a robust financial system and institutions, alongside attractive long-term growth drivers and favourable demographics. Strong bilateral ties across trade and security further reinforce confidence in Australia as a long-term capital destination.

Investment flows are increasingly becoming two-way. Australian superannuation funds and asset managers are also expanding allocations into Japanese equities, real estate and private markets, reflecting improved corporate governance, rising shareholder returns and the gradual opening of Japanese capital markets to foreign institutional investment.

This growing two-way dynamic is not confined to portfolio allocation by large institutional investors. Australian-origin private capital and specialist fund managers are also becoming more active in Japan directly. One example is Potentia Capital, an Australian technology-focused private equity firm with more than \$1 billion in funds under management, which in 2024 jointly acquired in Japan-based HR software platform **jinjer** alongside **J-STAR** (a

Japanese private equity fund). The transaction, funded from Potentia's \$670 million Fund II and completed on undisclosed terms, marked Potentia's first Japanese platform investment and its third investment in Japan in less than 10 years.

A similar trend is evident in public markets. Sydney-based Senjin Capital is focused on investing in overlooked Japanese listed small-cap companies and engaging with management teams on capital allocation, governance and performance. Together, these examples suggest that Australia's engagement with Japan is extending beyond attracting Japanese institutional capital into Australia, toward a more reciprocal pattern of capital deployment, market participation and investment capability.

Engagement between Australian managers and Japanese institutions continues to deepen, with increasing dialogue and early-stage collaboration evident across real assets and private markets. In 2025, **Nissay Asset Management**, the approximately US\$350 billion asset management arm of **Nippon Life**, entered a strategic partnership with Frontier Advisors, enabling Japanese pension clients to access Frontier's investment insights and exploring the potential co-development of new advisory services. This type of collaboration also reflects Australia's growing role as a provider of institutional investment expertise to overseas asset owners, particularly in areas such as infrastructure and real assets.

A number of Australian managers have also established an on-the-ground presence in Japan, and we expect further partnerships and capital deployment activity to be announced in 2026.

At a global level, Japanese financial groups are also expanding their asset management platforms to deploy capital internationally. In 2025, **Nomura** agreed to acquire Macquarie Group's North American and European public asset management business, representing approximately US\$180 billion in assets under management. The transaction is **Nomura's** largest overseas acquisition since its purchase of Lehman Brothers assets in 2008 and reflects a broader strategy among Japanese financial institutions to scale global asset management capabilities. This expansion of global asset management capacity is likely to support further Japanese capital flows into markets such as Australia, particularly across infrastructure, real assets and private markets. Examples of Australian managers engaging with Japanese investors include:

- **Macquarie Group** established a presence in Japan in 2000 and has since expanded to offer a wide range of advisory and financial services to companies and institutional investors.
- **IFM Investors** opened its Tokyo office in 2009 and focuses on Japanese investors looking for global infrastructure investment exposure, particularly in the OECD.
- **Queensland Investment Corporation (QIC)** has held long-term partnerships with Japanese institutional

investors across its real asset portfolios. Over the last 2 years, QIC has seen much greater appetite from Japanese investors for exposure to Australian investments.

- **Federation Asset Management** acquired a small shareholding in Tokyo-based corporate advisory firm Astris Advisory Japan in 2024 to focus on Japan's trillion-dollar pension market.
- **Tanarra Capital** established a presence in Japan in 2024 and has been exploring creating funds with Japanese investors. This is consistent with the broader push by Australian alternative managers to build Japan-originated capital relationships.
- **EG Funds Management** established EG Japan in 2023, establishing a Tokyo-based real estate investment advisory office to support Asia-Pacific investor coverage and opportunity development.

Strategic direction

The direction for Japanese investment in Australian financial services appears increasingly focused on platform strength, distribution capability and retirement-linked products rather than standalone transactional growth.

Australia's compulsory superannuation system, combined with favourable demographics and a transparent regulatory framework, continues to make the market attractive for Japanese insurers seeking diversification beyond Japan's mature domestic market. The recent emphasis on integration and retirement-aligned partnerships suggests that future investment may increasingly take the form of strategic alliances, reinsurance relationships and minority stakes in adjacent financial platforms.

In parallel, Japanese banks are increasingly aligning capital deployment toward long-duration transition and infrastructure themes that complement these retirement and savings ecosystems.

While transaction volumes may fluctuate year to year, the structural drivers underpinning Japanese participation – demographic alignment, regulatory familiarity and long-duration capital needs – remain firmly in place, supporting expectations of continued engagement in the sector over the medium term.

Beyond insurance platforms, energy transition financing will remain a key opportunity for Japanese financial institutions. Japanese lenders are actively preparing to support hydrogen, ammonia and synthetic fuel supply chains, although large-scale deployment remains dependent on supportive policy frameworks and improved project economics. Australia's AAA credit standing and strategic energy relationship with Japan continue to underpin confidence that Japanese financial participation will expand further as GX (green transformation) and DX (digital transformation) themes accelerate.

Japan Bank for International Cooperation (JBIC)

JBIC is a Japanese Government policy-based financial institution established in 1950 as the Export Bank of Japan.

JBIC's mission is to:

- Promote the overseas development and securement of resources important to Japan
- Maintain and improve the international competitiveness of Japanese industries
- Promote the overseas business having the purpose of preserving the global environment, such as preventing global warming
- Prevent disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruption.

JBIC plays a central role in Japan's outbound investment ecosystem, complementing commercial banks by:

- Providing long-term financing
- Anchoring large strategic transactions
- Catalysing private sector lending
- Supporting projects with limited commercial risk appetite.

JBIC frequently works alongside Japanese megabanks (MUFG, SMBC and Mizuho), enabling both Japanese corporates and Australian partners to undertake large-scale investments across energy, resources, infrastructure and industrial sectors.

Since 1951, JBIC has participated in 894 projects supporting Australia's development.

In 2025, JBIC continued to support Japanese investment into Australia, including:

- co-financing Nippon Sanso's acquisition of Coregas (with Mizuho Bank)⁶⁷
- financing participation in the Blackwater Coking Coal Mine⁶⁸
- signing an MOU with the State of Queensland⁶⁹
- ongoing involvement in LNG and energy transition-related projects
- supporting expansion in Australian infrastructure and industrial sectors
- JBIC is expected to play a key role in developing hydrogen, ammonia and synthetic fuel supply chains between Australia and Japan, subject to commercial and policy settings. As Australia's role in Japan's energy security and decarbonisation strategy grows, JBIC's participation is likely to remain central to enabling long-term capital deployment.

Export Finance Australia (EFA)

EFA is the Australian Government's international financier and official export credit agency. Its mandate has expanded in recent years to support infrastructure in the Indo-Pacific and sectors of strategic importance to Australia, including critical minerals, defence and energy transition, as part of the Government's 'Future Made in Australia' initiative.

EFA supports Australia's trade, investment and economic resilience by providing finance for export activity, overseas infrastructure and domestic strategic industries. It works with a broad range of counterparties, including small and medium-sized enterprises, large corporates, foreign governments and project sponsors. EFA administers the Australian Government's National Interest Account, comprising approximately \$14.5 billion in facilities, including the Critical Minerals Facility, Defence Export Facility, Southeast Asia Investment Financing Facility and the Australian Infrastructure Financing Facility for the Pacific. EFA has also been tasked with delivering the financial and commercial functions of the \$1.2 billion Critical Minerals Strategic Reserve, which will secure rights to Australian-produced minerals and on-sell them to meet demand, including from international partners such as Japan.

Over the past decade, EFA has supported more than \$2 billion in export trade and investment involving Japan. In 2025, EFA worked with Japanese partners across Australia and the Indo-Pacific, including:

- supporting the Alcoa–Sojitz Gallium Recovery Project (with Japanese and US partners), expected to supply up to 10% of global gallium production
- providing a US\$50 million loan to Gulf Renewable Energy Company Limited (Thailand), alongside JICA
- providing US\$75 million to VPBank (Vietnam) for sustainable and critical infrastructure projects, also supported by JICA
- providing US\$35.8 million to Air Niugini (Papua New Guinea) to support fleet renewal, with JICA support via the Asian Development Bank
- issuing letters of support for Australian critical minerals projects with potential to supply Japan, including the Speewah Fluorite Project (Tivan/Sumitomo/JOGMEC), Copi Rare Earth Project (RZ Resources/Marubeni/JX Metals), and Kalgoorlie Nickel Project (Ardea/Sumitomo Metal Mining/Mitsubishi Corporation).

⁶⁷ https://www.jbic.go.jp/en/information/press/press-2025/press_00134.html

⁶⁸ https://www.jbic.go.jp/en/information/press/press-2025/press_00010.html

⁶⁹ https://www.jbic.go.jp/en/information/press/press-2025/press_00118.html

Trend 7: Infrastructure (physical and digital)

Physical infrastructure

Australia's infrastructure opportunity remains significant, but 2025 reinforced a key reality for inbound investors: delivery capacity is a material constraint. Infrastructure Australia's latest market capacity work shows the five-year Major Public Infrastructure Pipeline rose to \$242 billion (highest since tracking began in 2020), with transport still greater than 50% (\$129 billion), alongside a step-change in energy transmission/utilities (\$36 billion) and building/social infrastructure (\$77 billion).⁷⁰ In parallel, the sector is short approximately 141,000 workers against the pipeline's demands, with labour and skills flagged as the leading delivery risk.

This demand/supply mismatch continued to pressure procurement settings in 2025: governments and sponsors increasingly prioritised time-to-market, constructability and risk transfer pragmatism (alliances, Early Contractor Involvement/collaborative contracting, packaged maintenance and Operations & Maintenance scopes) over classic greenfield PPP/ Private Finance Initiative (PFI) structures, particularly where labour scarcity, utilities constraints, and interface risk are acute. The result is a market that still welcomes Japanese capital and capability, but favours operating platforms, brownfield extensions, services and "embedded delivery" partnerships over pure financial participation in greenfield PPP equity.

An additional challenge is the continued trend toward collaborative procurement rather than pure PPP/PFI models, which favours domestic contractors over Japanese equity participants. Furthermore, the expansion of the three Japanese megabanks into project finance and project bonds within Australia has diminished the exclusivity of Japanese investors' ability to bring finance to consortium arrangements. As a result, Japanese investors are now focusing more on extensions or acquisitions of brownfield projects rather than greenfield developments.

Key data points illustrating these market conditions are set out below:

Japanese "zenecon" (ゼネコン) participation remains limited

The absence of Japanese large general contractors ("zenecon") in Australia can broadly be explained by three factors:

- **Strong domestic demand in Japan:** There is profitable work available in the Japanese domestic market, including major infrastructure programs and redevelopment projects, even as the industry manages ongoing shortages of skilled workers.
- **Limited local origination position in Australia:** Japanese general contractors typically lack the deep local relationships required for early engagement on major projects with government sponsors, developers or consortium members.
- **Misalignment in contracting norms and risk allocation:** Construction contracts in Australia frequently require head contractors to assume significant risk under fixed price engineering, procurement and construction (EPC) or design-and-construct structures, which place significant cost and schedule risk on the head contractor. By contrast, Japanese construction contracts more commonly allow for price adjustments or renegotiation in response to changing conditions (depending on the commercial strength of the counterparty), reflecting a more relational contracting model.

Australian infrastructure market conditions (2025 snapshot)

- **Workforce constraint:** ~141,000 worker shortfall across the five-year major public pipeline.
- **Pipeline composition:** Transport \$129bn | Buildings \$77bn | Utilities \$36bn.
- **Cost and delivery pressure:** Labour shortages and productivity constraints continue to elevate delivery risk, with construction workers averaging only 2.8 productive days per week, down by more than half from pre-pandemic norms.⁷¹
- **Government funding signal:** Australian Federal Budget 2025-26 funding commitments: Western Sydney (new airport region), Sunshine Station (Melbourne rail hub), Bruce Highway upgrades (Queensland corridor).
- **State "pipeline management" focus:** Converting committed funding into delivered assets remains constrained by capacity.

⁷⁰ Infrastructure Australia, 2025 Infrastructure Market Capacity Report (13 November 2025).

⁷¹ Arcadis, *International Construction Costs 2025*, Arcadis, 2025.

2025 Japan-linked transaction activity

Notwithstanding the shift away from traditional greenfield PPP participation, 2025 saw continued Japanese activity, particularly through operating platforms and infrastructure adjacent services. Key transactions included:

- In January 2025, **Sojitz** completed the acquisition of a 70% shareholding in infrastructure developer Capella Capital and its associated investment platform from ASX-listed Lendlease. Capella management retained the remaining 30% interest. **Sojitz** announced a total investment of approximately ¥47 billion (around \$470 million), including acquisition consideration and additional capital commitments. Since its establishment in 2009, Capella has secured more than \$34 billion of infrastructure projects and manages more than \$20 billion of assets. The transaction provides **Sojitz** with direct exposure to infrastructure development, origination and asset management capabilities in Australia, strengthening its ability to provide integrated services across the infrastructure lifecycle. **Sojitz** has also indicated that the platform may support expansion of this model beyond Australia into markets including the Middle East, Central Asia, Europe and the United States. Lendlease and Capella will continue to collaborate on projects where Lendlease has relevant construction or development expertise.
- In December 2025, **Yamato Kogyo** formed a 50:50 joint venture with Martinus Group in Salix Products, an Australian supplier of rail turnout and trackwork systems. The investment provides exposure to specialist rail manufacturing and supply linked to Australia's expanding rail construction and maintenance cycle.

Beyond platform expansion, 2025 activity also reflected portfolio recycling:

- **Marubeni** agreed to divest its 40% interest in Australian gas distribution business Allgas Energy to a Stonepeak-managed infrastructure fund. The transaction reflects continued optimisation of mature regulated infrastructure exposures and redeployment of capital toward higher-growth or platform-led opportunities;

or continued policy facilitation:

- **JBIC** and the Queensland Government signed an MOU which reflects ongoing efforts to translate strategic engagement into investable infrastructure opportunities, aimed at supporting future Japanese infrastructure investment.

In parallel with these transactions, Japanese sponsors continued to progress and optimise existing infrastructure platforms throughout 2025.

The Sydney Metro City & Southwest, which commenced operations in August 2024 (**Marubeni** is a 20% shareholder), completed its first full year of operation during 2025, recording strong passenger utilisation (66.8 million passenger journeys from August 2024–July 2025) and contributing to increased network-wide public transport usage.

Delivery of Stage 3 of the Gold Coast Light Rail Project (**Marubeni** is a 30% shareholder) progressed during 2025, with testing and commissioning commencing in 2025 ahead of planned commencement of passenger services in mid-2026.

Marubeni's fund manager MM Capital Partners' second OECD Infrastructure Fund, focused on brownfield assets, completed the acquisition of 50% interests in:

- Optus (Perth) Stadium PPP Project
- Western Australian Schools PPP Project
- Australian Capital Territory (ACT) Law Courts PPP Project,

These assets continued throughout 2025 as part of MMCP's operating infrastructure portfolio.

Mitsui & Co.'s 80% owned subsidiary Aptella (formerly Position Partners), a positioning and site automation solutions company focused on mining and construction, completed the acquisition of Synergy Group's positioning distribution business in New Zealand in 2024. In 2025, Aptella undertook expansion and integration initiatives across its regional footprint to support growth following this bolt-on acquisition.

Bradfield Development Authority

New South Wales Government MOU partners **Mitsubishi Heavy Industries, Sumitomo Mitsui Financial Group, Hitachi Corporation, together** with foundation partners **Urban Renaissance Agency, NEC, NTT and Daikin** continued their engagement with the Bradfield Development Authority (**BDA**) throughout 2025 as the precinct progressed from planning into early operationalisation following the opening of the Advanced Manufacturing Readiness Facility (AMRF) in March 2025. Bradfield's first building (housing Stage 1 of the AMRF) opened in March 2025. In July 2025, BDA reported progress on a "Second Building" planned to house Stage 2 of the AMRF, with a focus on semiconductor packaging and advanced micro-electronics. Momentum is building in the lead-up to the opening of Western Sydney International Airport in 2026, supported by the Australian Government's March 2025 commitment of \$1 billion to secure future rail corridors connecting Leppington–Bradfield and Bradfield–Macarthur and enabling integration with Sydney's broader rail network.

High-speed rail

The High-Speed Rail Authority (HSRA), which formally commenced operations in June 2023, progressed the Sydney-to-Newcastle corridor during 2025 as part of the proposed High-Speed Rail (HSR) network along Australia's East Coast, backed by \$500 million in Australian Government funding. This included advancement of planning, corridor work and formal assessment processes following submission of the Final Business Case to the Australian Government in December 2024.

In November 2025, Infrastructure Australia completed its Stage 3 evaluation of the first priority stage (Sydney-Newcastle proposal). Momentum continued into 2026, with the Australian Government announcing an additional \$229.6 million in February 2026 alongside the public release of the HSRA business case, bringing total Commonwealth funding for the development phase to \$659.6 million and reinforcing its commitment to advancing high-speed rail development.

The HSRA continues to collaborate closely with Japan, reflecting Australia's longstanding recognition of the contribution of the Shinkansen network to economic and social development. Engagement continued in 2025, including joint participation by HSRA leadership and **Central Japan Railway (JR Tokai)** in industry discussions examining how Japanese high-speed rail delivery models could inform Australia's proposed network. **JR Tokai**, through its Sydney office, remains an active advocate for HSR, while the International High-Speed Rail Association – founded by **East Japan Railway, Central Japan Railway, West Japan Railway and Kyushu Railway** – has reiterated that Japan's major railway companies stand ready to contribute technical expertise as required.

Digital infrastructure

Digital infrastructure is increasingly assuming characteristics of core infrastructure in Australia, with long-duration contracted revenues, capital intensity and deep reliance on energy and network connectivity.

Japanese corporations have continued to expand AI-ready data centre capacity globally and within the region during 2025. This reflects a broader shift in investment thinking, where digital infrastructure is no longer viewed in isolation but as part of an integrated ecosystem linking energy supply, data centre capacity and industrial land.

Data centres

As of November 2025, Australia had 314 data centres (ranked 7th globally) and Japan had 222 (ranked 10th).⁷² The United States had 5,427 data centres.

Demand for data centre capacity is accelerating, driven by AI workloads and the broader growth of computing infrastructure. CBRE forecasts a supply shortfall of 0.7 to 1.7 gigawatts by 2028, against expected demand of 2.5 to 3.5 gigawatts. In October 2025, Tokyo Stock Exchange-listed **Data Section Inc** signed facility usage agreements to establish two AI data centres in Sydney. The projects will begin with a capacity of 15 megawatts, expanding to 100 megawatts in 2026. The three-year deal is valued at approximately US\$800 million and will house 10,000 NVIDIA B300 GPUs, NVIDIA's latest-generation AI processors offering roughly 50% more computing power and 60% more memory than their predecessors. At that scale, the facility would be the world's first hyperscale AI cluster using B300 chips, with the capacity to rapidly scale computing resources across thousands of servers to meet demand.

Much of Australia's advantage as a location for AI-focused facilities stems from the fact that it is one of only five Asia-Pacific nations exempt from US restrictions on exports of advanced NVIDIA AI chips, giving it access to cutting-edge hardware that many countries in the region cannot obtain. This positions Australia as an emerging regional AI compute hub.

Fujitsu operates six data centres across Australia, delivering secure, resilient, connected and scalable environments for critical infrastructure. Fujitsu is the first Australian data centre provider to obtain National Australian Built Environment Rating System (NABERS) certification across all data centres.

NTT Data operates major data centre hubs in Sydney and Melbourne and regional facilities in Canberra, Brisbane, Perth, and Sunshine Coast. Also in October 2025, **Sumitomo Electric Industries** established a new wholly owned subsidiary, SEI Australia Pty Ltd, in Thomastown, Victoria, to sell ultra-high fibre count fibre optic cables, high-performance connectors, fibre optic connection panels and wiring racks to data centre and telecommunications operators. The subsidiary is **Sumitomo Electric's** first dedicated sales presence in Australia, positioning the company to supply the physical cabling and connectivity hardware that data centres require at scale.

These investments have occurred in the context of extraordinary growth in Australia's data centre market. According to M3 Properties' November 2025 report, Australian data centre capacity has expanded from 37 megawatts in 2005 to 1,315 megawatts in 2025, with two-thirds of that growth occurring in the past five years alone. Knight Frank's *Global Data Centers Report 2025* ranked Australia second only to the United States as a data centre investment destination in 2024, attracting US\$6.7 billion in investment and accounting for about one quarter of total Asia-Pacific data centre investment.

⁷² Cargoson *Number of Data Centers by Country (November 2025)*

Australian data centre operators and developers

Australian and international developers are investing heavily to meet growing demand for capacity. Data centres now make up 57% of ASX-listed property developer **Goodman Group's** \$12.9 billion development pipeline. Amazon Web Services has pledged \$20 billion towards expanding its Australian infrastructure between 2025 and 2029.

In the largest data centre transaction in history, a consortium led by Blackstone acquired ASX-listed **AirTrunk**, the largest hyperscale data centre operator in Asia-Pacific, for \$24 billion in 2024. AirTrunk operates facilities across Australia, Japan, Singapore, Malaysia and Hong Kong. DigiCo Infrastructure REIT, a new company focused on data centre assets, was listed on the ASX in December 2024, raising \$2 billion for a portfolio of 13 facilities.

ASX-listed **NEXTDC** has announced the construction of TK1 Tokyo, a next-generation, AI-ready data centre to be located in central Tokyo, with targeted completion in late 2030.

Australia is well suited as a location for Japanese data centre investment. The country offers abundant land and reliable electricity supply, while Japan brings deep technical expertise. Data centres also present an attractive risk profile for Japanese institutional capital, with long-term contracted income streams from creditworthy tenants. We expect Japanese companies to become increasingly prominent in Australia's data centre sector, and that many future real estate acquisitions will target this area.

Subsea cables

The growing global network of data centres and IT infrastructure depends on undersea cables that carry the vast majority of international data traffic. An estimated 97% to 99% of cross-border data, including roughly US\$10 trillion in daily financial transactions, flows through submarine cables. Australia's connectivity relies on just 15 known international cables. Global investment in subsea cables between 2025 and 2027 is expected to reach US\$13 billion, nearly double that of the 2022 to 2024 period.

Japan is a major player in this infrastructure. **NEC** is one of the world's three largest submarine cable manufacturers, alongside the United States' SubCom and France's Alcatel Submarine Networks, and has built over 400,000 kilometres of cable globally across six decades. In 2023, NEC won the contract to supply the East Micronesia Cable System, a US\$95 million project jointly funded by Australia, Japan and the United States that will connect the Federated States of Micronesia, Kiribati and Nauru. The project displaced a bid from HMN Technologies following security concerns over the cable's planned connection to a sensitive route leading to Guam. Australia, Japan and the US are also co-financing a cable

to Palau, the first project under the Trilateral Partnership for Infrastructure Investment in the Indo-Pacific, while Australia has committed \$120 million to three new cables linking Papua New Guinea.

Submarine cables have become an increasing focus for security. In the Baltic Sea, approximately 10 cables have been severed since 2022, with seven incidents between November 2024 and January 2025. In the Red Sea, four cables were damaged in February 2024, disrupting a quarter of all data traffic between Asia and Europe. In the Taiwan Strait, four cable disruptions occurred in early 2025.

Governments have responded with unprecedented measures. North Atlantic Treaty Organization (NATO) launched Operation Baltic Sentry in January 2025, deploying frigates, patrol aircraft and AI-enabled surveillance to protect undersea infrastructure. Japan has announced plans to subsidise the production of submarine cables and cable-laying ships and to review its domestic supply chains. In September 2024, Australia co-signed a multilateral statement on undersea cable security alongside the US, Japan, Singapore, Canada and the EU. In July 2024, the Department of Foreign Affairs and Trade (DFAT) launched a \$18 million Cable Connectivity and Resilience Centre to provide technical assistance across the Indo-Pacific, as part of Australia's contribution to the Quad Partnership for Cable Connectivity and Resilience established by Australia, Japan, the US and India in May 2023. Submarine cables will continue to be an area of deepening collaboration between Australia and Japan, both as a shared investment opportunity and security priority.

Trend 8: Mobility, automotive and logistics platforms

Japanese investment across Australian Mobility, Automotive and Logistics platforms has remained persistent because it sits at the intersection of:

- trade and supply-chain resilience
- scalable operating platforms with stable, recurring earnings
- and the long-term transition in how people and goods move.

Historically, Japanese investors focused on securing end-to-end logistics pathways supporting trade flows, including freight forwarding, rail systems, fleet services and distribution networks. Australia's role as a major exporter of commodities and energy, combined with its growing position within intra-Asia supply chains, continues to make these assets strategically relevant.

Freight and transport platforms

This logic continues to underpin investment in freight and transport capability. In 2025:

- **Hankyu Hanshin Express** acquired 100% of freight forwarding and customs brokerage platform International Cargo Express, establishing its first fully controlled Oceania logistics platform and strengthening end-to-end supply chain capability across Japan-Australia trade and broader Asia-Pacific freight movements.
- **Sojitz** entered into a strategic partnership with UGL Limited, acquiring a 50% interest in its transport division (valued at approximately \$500 million), which covers rail rolling stock manufacturing, maintenance, signalling and communications systems. UGL is a subsidiary of CIMIC Group, which in turn is majority-owned by ACS Group (Actividades de Construcción y Servicios, S.A.), one of the world's largest infrastructure developers.

This provides **Sojitz** with operational exposure to Australia's rail transport ecosystem, extending its presence beyond commodity logistics into core mobility infrastructure capability. The partnership also sits alongside a broader agreement between CIMIC Group and **Sojitz** to collaborate on transport and infrastructure opportunities outside of Australia, with a particular focus on expansion into Asia.

Through this structure, the joint venture is expected to serve as an entry point for broader collaboration with ACS's global infrastructure platform and could represent one of the first Australia-Japan infrastructure partnerships targeting third-country opportunities

A longstanding example of this strategic approach is **Japan Post's** acquisition of the ASX-listed Toll Group in 2015 for approximately \$6.5 billion (enterprise value exceeding \$8 billion), forming the cornerstone of its global logistics expansion strategy. **Japan Post**, historically the world's largest postal and savings institution, has evolved into a diversified international logistics operator spanning mail, banking, insurance and freight services across Asia-Pacific, Europe and North America. Toll Group remains one of the most significant Japanese-controlled operating presences in Australia employing 6,000 people. Toll Group's \$100 million healthcare investment program progressed in 2025, including finalisation of a new purpose-built healthcare logistics facility at Hazelmere (Western Australia) ahead of its planned opening, alongside continued funding and expansion activity supporting healthcare supply chain capability across Victoria, Queensland and Western Australia.

These investments reinforce Japan's long-standing focus on securing operational capability across freight and mobility systems supporting trade flows.

Automotive and mobility platforms

Australia is a highly attractive automotive market for Japanese manufacturers and investors, with over 1.2 million new vehicles sold annually, more than 2.3 million used vehicle transactions each year, and a national vehicle fleet of approximately 20 million registered vehicles. On a per-capita basis, Australia's new-vehicle market is particularly active, with annual sales equivalent to roughly 44 vehicles per 1,000 people, compared with around 23 per 1,000 in Japan. The scale and liquidity of both the new and secondary vehicle markets underpin a well-developed dealer network, a sophisticated vehicle finance ecosystem and significant opportunities across servicing and aftermarket segments.

More recently, investment has expanded beyond infrastructure into automotive operating platforms (including fleet, used-vehicle marketplaces, dealership networks and mobility services), reflecting a shift toward scalable service-based businesses capable of generating recurring earnings.

This evolution also reflects a longer-run structural repositioning of Japanese automotive engagement in Australia following the progressive withdrawal of local manufacturing.

Mitsubishi Motors Corporation ceased vehicle production in Adelaide in 2008 after 45 years of local manufacturing, while **Toyota Motor Corporation** closed its Victorian plant in 2017, marking the end of mass-market Japanese vehicle assembly in Australia.

Unlike **Toyota** and **Mitsubishi Motors**, **Mazda Motor Corporation** did not operate large-scale **Mazda**-branded manufacturing locally. However, Mazda previously had an indirect manufacturing presence through the Ford-Mazda alliance, under which Ford Australia assembled Mazda-derived models until the mid-1990s, before transitioning to a fully import-based model.

As local assembly closed, Japanese automakers increasingly shifted toward downstream participation (including distribution, fleet, remarketing and lifecycle services) where value capture is now growing as vehicles become more software-enabled and service-linked.

From a strategic perspective, mobility platforms offer scalability beyond traditional asset ownership. Used-vehicle and fleet platforms can compound value by controlling multiple links in the value chain – from sourcing and reconditioning to pricing, financing, delivery and ongoing customer engagement – allowing growth through volume and service-layer expansion rather than through additional physical assets.

Australia's automotive ecosystem remains structurally fragmented across dealers, wholesalers and private channels, creating opportunities for consolidation and operational standardisation, an approach well aligned

with Japanese investors accustomed to disciplined procurement and integrated service models.

This has been evident in recent platform consolidation activity:

- **Optimus Group** expanded its dealership footprint, including through acquisitions of:
 - (February 2025) Ferntree Gully Auto Sales (CD Motor Group), a multi-franchise group in Melbourne (Hyundai, Kia, Mitsubishi brands); and
 - (July 2025) Keystar Autoworld, a South-East Queensland-based multi-site dealership platform with operations across the Brisbane corridor.

This follows a broader progression of Australian investments across dealership distribution (Autopact, 2023), used-vehicle retail (OzCar, 2021/Car Empire, 2023), automotive data (Blue Flag, 2022) and logistics (Autocare, 2024), as **Optimus** has progressively assembled a full vehicle lifecycle platform in the Australian market. These investments reflect a deliberate move toward controlling customer-facing distribution and lifecycle channels rather than relying solely on wholesale vehicle supply relationships with automakers.

This consolidation trend has continued into early 2026. **Toyota Tsusho** acquired Queensland-based MCT Automotive Group, owner of the Cars4Us platform, which focuses on used vehicle sourcing, reconditioning and retail sales through both online and physical channels. The transaction provides **Toyota Tsusho** with direct exposure to Australia's fragmented used-vehicle ecosystem and an entry point into lifecycle mobility services beyond new-vehicle distribution.

This expansion into lifecycle mobility services is also evident in the vehicle rental sector. In early 2026, ASX-listed Eagers Automotive acquired Bargain Car Rentals, one of Australia's largest independent car rental operators, expanding its presence across short-term mobility services and fleet utilisation. The transaction further integrates rental, remarketing and vehicle lifecycle management within Eagers' broader automotive platform, reinforcing the strategic value of downstream mobility services alongside traditional dealership operations.

Japanese groups are also strengthening downstream fleet and lifecycle exposure:

- **Mitsubishi Motors'** investment in ASX-listed FleetPartners reflects a broader push by automakers to deepen participation in downstream vehicle channels beyond the initial sale of vehicles (including fleet leasing, maintenance and remarketing). **Mitsubishi Motors** first invested in FleetPartners in June 2024, acquiring a 5.01% shareholding, before increasing its position to 19.93% in September 2025. The investment also creates a platform to expand **Mitsubishi Motors'** vehicle sales and develop synergies with its existing

distribution and servicing operations in Australia and New Zealand, which Mitsubishi Motors has identified as core markets. Given FleetPartners' position as a leading fleet management organisation (FMO) and novated leasing provider, the transaction also provides **Mitsubishi Motors** with deeper exposure to fleet and customer-lifecycle channels that account for over 40% of the Australian new vehicle market. Japanese participation in Australia's fleet management sector is not new. **ORIX Corporation** has operated fleet management and asset finance businesses in Australia since 1986 through its subsidiary **ORIX Australia Corporation Limited**, illustrating an earlier phase of Japanese involvement in mobility finance and leasing platforms.

- **Mitsubishi Corporation** also moved to strengthen its position in the used-vehicle lifecycle through a strategic partnership with ASX-listed Eagers Automotive, comprising a \$50 million equity investment in Eagers Automotive and the acquisition of a 20% interest in a newly established holding company for its used-vehicle platforms (easyauto123 and Carlins). The transaction provides **Mitsubishi Corporation** with exposure to vehicle remarketing and distribution channels, positioning it within the growing secondary vehicle market where resale, refurbishment and customer lifecycle engagement are increasingly central to value creation.
- **Mizuho Leasing** and **Marubeni** formed a 50:50 joint venture in auto finance provider Affordable Car Leasing in 2022, creating an Australian consumer auto finance platform which continues to operate as a jointly managed affiliate in 2025.

In August 2025, **Isuzu Motors** moved to internalise financing capability through the establishment of its first leasing company outside Japan, capitalised at \$50 million in partnership with **Tokyo Century Corporation** (80% Isuzu Australia/20% Tokyo Century), with operations scheduled to commence in Q3 2026. The platform provides **Isuzu** with direct participation in downstream vehicle financing and lifecycle economics in Australia, aligning with a broader strategic trend among Japanese automakers toward integrating financing alongside distribution and servicing to support recurring revenue models.

These moves reflect a growing recognition that an increasing share of value sits in lifecycle ownership, remarketing and servicing, rather than solely in new vehicle sales.

For several 2024 acquisitions (including **Optimus'** acquisition of Autocare Services; **SENKO's** investment in Simon Transport; and **Japan Post** (through Toll Group)'s acquisition of Pel-Air), 2025 was characterised by strategic positioning and ongoing integration into broader logistics and services platforms, rather than major standalone expansion initiatives.

In the case of **SENKO's** investment in Simon Transport, this integration phase has been accompanied by early operational enhancements, including fleet upgrades and the introduction of electric vehicles (such as Mercedes-Benz Actros prime movers, additional Scania trucks, and its first electric trucks), positioning Simon to leverage **SENKO's** global network while retaining its established domestic heavy freight expertise.

Drivers of Japanese investment in mobility platforms

Japanese investors are increasingly drawn to mobility platforms because they offer scalable, service-led growth beyond traditional asset ownership.

- **Scalable platform economics**
Growth driven by volume, network expansion and bolt-on acquisitions, not just capital-intensive infrastructure.
- **Integrated value capture**
Ownership across sourcing, reconditioning, distribution, financing and servicing enables participation in the full vehicle lifecycle.
- **Fragmented market opportunity**
Australia's used-vehicle, fleet and dealership landscape remains structurally fragmented, creating consolidation opportunities suited to Japanese operating discipline.
- **Data-driven advantage**
Scale enhances pricing accuracy, residual value management and inventory optimisation.
- **Transition tailwinds**
As fleets evolve toward hybrid, electric and software-enabled vehicles, trusted, well-capitalised platforms become increasingly valuable.

Automaker Presence Remains Foundational

The continued strategic relevance of Australia's automotive market is reinforced by the strong position of Japanese automakers. In 2025:

- **Japanese brands (Toyota, Mazda, Mitsubishi and Isuzu)** held four of the top ten positions in Australian new vehicle sales.
- Japan remained Australia's largest vehicle source country, with approximately 358,981 Japan-built vehicles sold, representing around 29% of total new vehicle sales, even as Chinese brands expanded rapidly.
- **Toyota Motor Corporation** retained market leadership for the 23rd consecutive year.

In heavy vehicles:

- **Isuzu** (part-owned by **Mitsubishi Corporation** and **Toyota Motor**) led the Australian truck market for the 38th consecutive year, recording 12,420 sales.
- Japanese brands occupied all top three positions – **Hino (Toyota Group)** ranked second (4,711) and **Fuso (Mitsubishi Truck & Bus)** third (3,595)

This enduring automaker presence provides a natural foundation for downstream investment into fleet, dealerships and remarketing platforms.

Strategic takeaway

Taken together, recent transactions indicate a clear thematic shift: Japanese investors are no longer focused solely on supplying vehicles or financing trade-linked infrastructure, but increasingly on owning the customer interface, data layer and lifecycle economics of mobility platforms.

As mobility becomes more software-enabled and service-driven (particularly through electrification, hybridisation and digital sales channels), Australia offers a scalable platform for Japanese automotive groups seeking long-duration exposure beyond manufacturing.

This evolution extends across the broader mobility ecosystem. Jetstar Japan, established in 2012 as a joint venture between Qantas Group and **Japan Airlines, Mitsubishi Corporation** and **Tokyo Century**, represents a longstanding example of Australia-Japan corporate cooperation in aviation. In February 2026, Qantas announced plans to sell its 33.32% shareholding. Current indications are that **Japan Airlines** will retain its 50% shareholding and **Tokyo Century** its approximately 16.7% shareholding, with the **Development Bank of Japan** expected to enter the ownership structure as a new shareholder, subject to regulatory approvals. This potential restructuring may reshape the ownership structure of the Japan-based low-cost carrier while maintaining its strong Japan–Australia institutional linkages.

Trend 9: Defence, security and space

Australia-Japan security cooperation has continued to deepen over the past two decades. The 2007 Joint Declaration on Security Cooperation created Japan's first modern, formal security partnership outside the US and marked an unprecedented elevation of Australia-Japan security cooperation. The Reciprocal Access Agreement that came into force in 2023 went considerably further, allowing Australian armed forces to operate on Japanese territory without case-by-case invitations – a status previously reserved for US forces.

The selection of **Mitsubishi Heavy Industries' Mogami**-class frigate as the platform for Australia's next-generation general-purpose frigates represents further deepening of cooperation on defence. The selection of the *Mogami* was announced in August 2025 and featured prominently at the 12th Australia-Japan 2+2 Foreign and Defence Ministerial Consultations held in Tokyo in September 2025. The *Mogami* will be Japan's first export of a major weapon system and the country's largest defence export since the Second World War.

The *Mogami* could also be the catalyst for broader defence-industrial collaboration. As Japanese prime defence contractors expand their presence in Australia, the partnership is likely to generate deeper commercial engagement across supply chains, particularly in areas such as maintenance and sustainment, logistics, systems integration and dual-use technologies.

Building on this momentum, Japan's Defence Minister Shinjiro Koizumi and Australia's Deputy Prime Minister and Minister for Defence Richard Marles launched a framework for strategic defence coordination in December 2025. The framework established a comprehensive annual meeting between defence ministries, militaries, and intelligence communities covering cyber, space, logistics, and supply chain management. Japan also participated in an AUKUS Pillar II related exercise involving uncrewed underwater vehicles in Jervis Bay in 2025. Direct Japanese participation in AUKUS remains unlikely in the short term, but collaboration on advanced capabilities has begun through AUKUS Pillar II, which covers non-submarine technologies such as quantum, AI, and hypersonic weapons.

The development of a Japan-Australia defence industry is a new development. The United States, British, German and French defence industries are well-established in Australia and more recently South Korea's Hanwha Defence has been successful with the procurement contracts for the supply of self-propelled artillery and armoured vehicles. Hanwha Defence Australia is constructing manufacturing facilities in Geelong Victoria. Hanwha has been engaging with the Department of Defence since 2005 which shows the long lead times for opportunities in defence.

Hanwha Defence has a 19.9% shareholding in ASX-listed Austal, approved by the Treasurer in December 2025 subject to strict conditions including limits on access to sensitive defence information and a hard cap preventing any further increase. In February 2026, Austal was awarded an approximately \$4 billion contract to build eight Landing Craft Heavy vessels at Henderson, the second major contract under its Strategic Shipbuilding Agreement with the Commonwealth, following a \$1 billion Landing Craft Medium contract in December 2025. The landing craft programs are intended to build shipbuilding capability at Henderson ahead of domestic construction of the remaining eight *Mogami* frigates. Construction arrangements for the frigates have not been finalised and the Federal government has indicated that any builder will need to demonstrate value for money through the landing craft programs first, Austal is expected by many to be selected for this role. Japan's Ministry of Defense has expressed concern that Hanwha's shareholding in Austal could complicate the protection of sensitive Japanese defence technology, given South Korea's position as a commercial rival in the global shipbuilding market.

Japan's evolving security policy

Japan's 2022 National Security Strategy set in motion a plan to roughly double defence spending from approximately 1% of GDP to 2% and also named Australia as the top partner among its "like-minded countries". In late 2025, the Cabinet approved a record ¥9 trillion (approximately \$81 billion) budget for defence for FY2026.

The LDP under Takaichi alone secured a supermajority in the House of Representatives in 2026 Diet elections, marking the first time since World War II that a single party has controlled more than two-thirds of the lower house of the Japanese Diet. This allows the LDP to pass legislation even if the upper house votes against it. Constitutional amendment under Article 96 requires a two-thirds majority in both houses. Takaichi has inherited the centralised coordination machinery established by the Abe administration within the Prime Minister's Office (the *Kantei*), including the National Security Secretariat.

The combination of a lower house supermajority and centralised coordination of government ministries gives Takaichi's administration considerable capacity to advance defence reforms. For example, the Reciprocal Access Agreement took nearly ten years to conclude after Australia first proposed it. The concentration of security policy coordination in the Prime Minister's Office is intended to reduce these delays. Japan's scope for military action remains constrained by Article 9 of the Constitution, which renounces war and prohibits maintaining war potential, although 2015 legislation enabled the Self-Defence Force to exercise the right to collective self-defence under limited conditions. Takaichi, who positions herself as a political heir to former Prime Minister Shinzo Abe, has claimed to be continuing his

long targeted reform of Article 9 but the hurdles for constitutional change remain high.

There has been a progressive loosening of Japan's defence export rules. Japan replaced its longstanding military export ban in 2014 with the Three Principles on Transfer of Defense Equipment and Technology, under which it unsuccessfully bid for Australia's future submarine programme in 2016. In December 2023, the Cabinet revised the implementation guidelines to permit exports of licensed defence products, including lethal equipment, to licensing countries, and in March 2024 revised them again to allow exports of co-developed defence equipment to any of 15 partner countries with defence transfer agreements, including Australia.

Japan's National Security Council formally approved the potential *Mogami* sale in December 2024. The export is permitted under the revised March 2024 guidelines because the *Mogami* is classified as a joint development with a partner country. Under Japan's Ministry of Defence, joint development refers to a process that brings together technological advantages and shares costs and risks among contributing nations. Australia's actual modifications to the frigates will be limited to the combat management system and regulatory changes under Australian law.

The FY2026 budget also allocated ¥100.1 billion to SHIELD (Synchronized, Hybrid, Integrated and Enhanced Littoral Defense), a multi-layered coastal defence system using autonomous unmanned aerial vehicles, unmanned surface vessels, and unmanned underwater vehicles, with a target of operational capability by March 2028. The programme responds in part to the Self-Defence Force's difficulty maintaining manpower levels given Japan's declining and ageing population, with autonomous systems intended to compensate for personnel shortfalls in coastal defence roles.

The *Mogami*

A decade after Japan's unsuccessful bid for Australia's future submarine program, the selection of the *Mogami* frigate represents the most substantial defence industry commitment between the two countries to date. *Mogami* was selected for its lower manning costs over a 30-year lifecycle and as an enabler of closer defence cooperation with Japan. Japan's former Defence Minister Gen Nakatani described the selection as "a testament to the trust in Japan's advanced technological capabilities and the importance of interoperability between the Self-Defence Forces and the Australian military." The deal is valued at approximately AU\$10 billion for 11 frigates, with the first three to be built in Japan and the remainder in Western Australia.

Japan has been producing *Mogami*-class frigates at a pace of two per year, but Australia does not have the shipbuilding scale or experience of Japan or South Korea. The difficulty of building complex warships domestically is

illustrated by the Hunter-class frigate programme, the budget for which grew from \$35 billion for nine ships to approximately \$45.6 billion for only six ships, with the first delivery not expected until 2032, roughly 14 years after the design was selected.

Both governments have signalled that the *Mogami* collaboration should be the foundation for an enduring industrial partnership rather than a one-off venture. Shipbuilding is one of 17 priority areas designated by the Takaichi Government, and Japanese state support for technology is not confined solely to defence applications, creating the potential for defence-related policies and incentives to extend into civilian and commercial sectors. **Mitsubishi Heavy Industries** opened a branch office in Perth in April 2025 and Canberra in February 2026, in part to market its data centre cooling and digital infrastructure solutions in the Australian market, as well as focusing on decarbonisation, hydrogen, ammonia and carbon capture.

Realising the longer trajectory will not be straightforward. At a minimum, Australia needs to build sustainment capability at Henderson, the naval shipbuilding and maintenance precinct near Perth. Sustainment refers to the long-term system of management that keeps a fleet operationally available over its entire lifecycle, which includes maintenance but extends to areas including supply chain and workforce management. For the *Mogami*, building sustainment capability at Henderson is the prerequisite to eventually constructing frigates domestically. Without it, the frigates would need to return to Yokosuka for routine work. Building this capability requires not just **Mitsubishi Heavy Industries** but the whole ecosystem of subcontractors and suppliers.

The workforce challenges are considerable on both sides. Japan has labour shortages due to its declining population, and shipbuilding is a highly labour-intensive sector. Reflecting these constraints, Japan's Ministry of Defence reduced its own *Mogami* procurement from three frigates to one in FY2026 to accommodate Australia's order, and Japanese shipbuilders are sensitive to unpredictability and hesitant to scale up workforces in response to fluctuating demand. Naval shipyards and their subcontractors are highly specialised, and particular classes of ships cannot be easily redirected into production of other types of naval vessels or commercial ships, which often leaves shipyards idle during downturns.

On the Australian side, there are substantial upfront costs for capital investment, infrastructure development, and workforce training at Australian shipyards, and the market incentives for defence shipbuilding in Australia are not strong without government support. Developing a high-skilled shipbuilding workforce is complicated further by the broader shrinking of Australia's manufacturing sector. Workers will need to be trained both in Japan and by Japanese experts in Australia, which will require visa arrangements to be in place.

Given the scale of work still required at Henderson, not only for the *Mogami* program but also for landing craft production and submarine maintenance infrastructure, the timeline for transferring frigate construction to Australia in the early 2030s will depend on ensuring that the necessary approvals and construction at the precinct can be completed in time. The Federal Government has committed \$12 billion as an initial investment, with early planning indicating the precinct will require investment in the order of \$25 billion over the decade. Much of the land at Henderson is currently owned by the Western Australian Government and managed through leases with multiple entities, meaning that consolidation of the precinct requires not just development approvals but also commercial negotiations with existing leaseholders before major construction work can begin.

Policy and regulatory frameworks, including export control procedures, technical standards, and certification requirements, will also need to be aligned across both countries. A vessel that meets Japanese standards is not automatically recognised as suitable for use in Australia without modification, and although Australia has stated it only intends to make minor changes to the *Mogami* platform, risks of scope creep remain. The risk is illustrated by the US Navy's Constellation-class programme, in which an Italian frigate design was modified so extensively that its planned 85% commonality with the off-the-shelf model fell to just 15%, resulting in major cost overruns and repeated delays. The success of the programme will depend on designing policy frameworks with the recognition that industrial collaboration of this kind must generate not only strategic benefits but also commercial incentives for the companies involved.

Building industrial capability

Japan's own aerospace industry shows how industrial cooperation that begins with basic licensed production can build the foundation for advanced domestic industrial capability over the long term. From the 1950s onwards, **Mitsubishi Heavy Industries** produced American combat aircraft under licence, progressing from the F-86 Sabre through the F-104 Starfighter, the F-4 Phantom and the F-15 Eagle. That licensed production transferred the manufacturing knowledge and engineering expertise that enabled **Mitsubishi Heavy Industries** to co-develop the F-2, a multirole fighter based on the American F-16 airframe. Having built that industrial foundation over roughly four decades, Japan completes final assembly of top-of-the-line F-35 Lightnings and is a co-equal development partner alongside the United Kingdom and Italy on the cutting-edge Global Combat Air Programme (GCAP) sixth-generation fighter programme.

The parallel for Australia is a progression from receiving *Mogami* frigates built in Japanese shipyards, to building sustainment and workforce capability domestically, toward eventually constructing vessels in Australia. Beyond the frigates themselves, collaboration on the

Mogami can serve as a vehicle to build industrial expertise and routines of cooperation over a longer time period. The experience gained through the *Mogami* project could strengthen Australia's manufacturing and engineering base while establishing habits of working together on advanced industrial projects that extend beyond any single platform. There could be potential spillovers across many sectors into areas such as advanced materials, battery technology, autonomous systems, and precision manufacturing.

Defence industry opportunities and barriers

Japan's increased defence spending and outward orientation create potential opportunities for Australian companies across a range of capability areas. Both countries have complementary strengths in areas of growing strategic importance. Australia has developed capabilities where Japan has been investing, such as AI, robotics, unmanned systems, advanced materials, and space. Japan's defence budget documents list AI as a priority across domains including target detection and identification, intelligence collection and analysis, command and control systems, logistics and sustainment optimisation, unmanned systems, and cyber defence. These priorities are reflected in programmes such as SHIELD, Japan's multi-layered coastal defence system, which is sourcing some components internationally, including US-made platforms. As the programme scales up, there may be opportunities for Australian companies with capabilities in autonomous systems, counter-UAV technologies, and undersea surveillance.

Pure defence trade between the two countries faces significant barriers, many rooted in the complexity of procurement processes in both countries' defence departments. Japanese defence companies have deep partnerships with US firms, but direct exports have been rare and generally carried out only at the Japanese government's strong request. Reluctance persists among Japanese defence firms because of the high barriers to entry in foreign markets, and the perception that those markets are commercially unattractive. Only a limited number of Australian companies currently work with Japanese counterparts in the defence sector. Though Australia's regulatory environment is comparatively more flexible than that of the United States, the Australian Industry Capability program requires foreign firms to demonstrate contributions to Australia's defence industrial base, including substantial investments in local industries, which increases entry costs.

Despite these barriers, there are signs of growing engagement. DSEI Japan 2025, a biennial defence conference and exhibition, attracted over 450 exhibitors and 13,000 attendees, with Australia sending 120 exhibitors under the Team Defence Australia pavilion. Austrade and Team Defence Australia supported business matching at the event and continue to support

Australian companies in connecting with Japanese defence partners more broadly.

Australian companies actively looking for opportunities include Austal, Silicon Quantum Computing and CyberCX.

Dual-use technologies

The opportunities are more naturally found in dual-use technologies, those with both military and civilian applications, which sidestep many of the barriers that constrain pure defence trade. Dual-use cooperation can work in both directions, with civilian-grade systems adapted for defence purposes when required and defence technologies repurposed for commercial applications. This two-way flow has practical advantages, as mass production of commercial components that are later adapted for defence use can enhance interoperability and expand production capabilities beyond what defence-only demand can sustain.

Several initiatives reflect this direction. **Mitsubishi Electric** signed an agreement with the Australian Department of Defence to develop and transition a new capability utilising laser technology to enhance surveillance and survivability of Australian Defence Force platforms. The project was the first case in which a Japanese company signed a joint development agreement with a foreign government in the defence field. Japan External Trade Organization (**JETRO**)'s **J-StarX** Dual-Use Technology Accelerator Program, which supports Japanese startups in commercialising technologies applicable to both civilian and defence domains through business development mentoring, expert guidance, and networking with defence-related agencies and investors, has established a direct link between the two countries' innovation ecosystems.

It is still early days but there are a number of Japanese prime defence contractors and technology companies exploring R&D partnerships for defence and dual-use technologies with Australian universities. These collaborations are subject to strict confidentiality so are not widely known.

In late 2025, the Japanese Ministry of Defence noted for the first time that Australian universities are open to working with Japanese companies on R&D for defence-related technology.

Space

Space is the area where dual-use collaboration has advanced furthest. Australia and Japan have 45 years of treaty-level science cooperation, of which cooperation with the **Japan Aerospace Exploration Agency** is an important component. Space cooperation was formalised through a memorandum of cooperation signed in July 2020. The Australian Space Agency partnered with **JAXA** on its Hayabusa 2 return mission and has a formalised partnership on the Martian Moons eXploration mission, which will see samples from the Martian moon Phobos land in South Australia by approximately 2031. Japan is investing in small satellite constellations and AI-assisted space data analysis, while Australia's Southern Hemisphere geography offers launch access unavailable from Japan's northern latitude. Japan also has limited space for ground-based testing and evaluation of space related technologies, particularly those with sensitive or dual use applications, making Australia's geography and range infrastructure a natural complement.

Commercial space engagement between the two countries accelerated in 2025. The Australian Space Agency and Austrade led the largest commercial space delegation to Japan to date, brokering over 112 business-to-business meetings in Tokyo and at Expo 2025. The year produced eight new partnerships between Australian and Japanese space companies, all structured as partnerships rather than acquisitions, and most involving dual-use capabilities with defence applications.

Inovor Technologies, an Adelaide-based satellite manufacturer, entered into new partnerships with three Japanese partners in 2025. **Star Signal Solutions** signed an MOU with Inovor at the Australian Embassy in Tokyo to collaborate on space situational awareness, space-traffic coordination, and satellite communications for government and commercial customers across the Indo-Pacific. **IHI Corporation** and **Meisei Electric** signed a Joint Research Agreement with Inovor at the International Astronautical Congress in Sydney to jointly develop and demonstrate small satellite technology for maritime domain awareness.

Gilmour Space Technologies, a Queensland-based launch company, attracted two Japanese partners interested in the Bowen Orbital Spaceport in North Queensland. **Space BD** signed a strategic partnership with Gilmour Space to market dedicated and rideshare launch opportunities on the Eris launch vehicle, offering Japanese and global satellite customers Southern Hemisphere mission options with orbital trajectories not available from northern hemisphere launch sites. **Space BD** signed a separate MOU with Inovor at the same congress to explore commercial opportunities for Inovor's subsystems and **Space BD's** launch services. **Sojitz** signed an MOU with Gilmour Space at the Australian Embassy in Tokyo to explore satellite and launch service opportunities between Australia and Japan.

The remaining three partnerships span laser communications, space domain awareness, and lunar exploration. **Warpspace** partnered with the University of South Australia and Adelaide-based startup RapidBeam on next-generation laser communication systems.

Astroscale Holdings signed a three-year MOU with Australian firm High Earth Orbit Robotics on space domain awareness and satellite servicing. And Japanese lunar exploration company **ispace** signed an MOU with South Australian nuclear engineering firm entX to develop a radioisotope heating unit for spacecraft survival through the lunar night.

Taken together, the *Mogami* programme, the emerging technology partnerships, and the accelerating space collaboration with commercial and defence applications suggest that the Australia-Japan defence relationship is building depth across multiple layers.

Trend 10: Technology

The technology sector is one of the most significant targets of Japanese outbound M&A. The United States remains the primary destination for this investment, but Australia has emerged as a growing target, highlighted by **Renesas'** US\$5.9 billion takeover of ASX-listed Altium in 2024, as covered in the 2024 Report. This activity continued in 2025, characterised by investment in artificial intelligence and semiconductor technologies, as well as partnerships in the early stages of space and medical technologies. Beyond corporate transactions, Japanese companies are also expanding research and development collaboration with Australian universities, research institutes and start-up ecosystems. Australia's strengths in applied science, medical research and advanced engineering are creating new opportunities for bilateral innovation partnerships that may translate into future commercial investment.

Artificial intelligence and software

AI featured across a range of transactions in 2025, from data centres to direct investments in Australian AI companies. The most notable was **SoftBank Robotics'** \$1.87 million investment for a 17.6% shareholding in Perth-based icetana AI Limited, which develops AI-powered video analytics software deployed across more than 75 sites and 16,000 cameras in 15 countries. The investment included a \$1.08 million three-year product development program, a guaranteed minimum first-year purchase commitment of \$450,000 in annual recurring revenue in Japan, and exclusive distribution rights across Japan and 11 Asia-Pacific markets. icetana's share price surged 70% following the announcement. The investment is an example of a partnership model where Japanese corporations provide not just capital but market access and development support.

Australian technology innovations

Australian institutions and companies have invented some world leading technologies (but the eco-system in Australia has not supported successful commercialisation) including:

- **Wi-Fi** – CSIRO's patented solution to multipath interference (1992) became essential to the 802.11 wireless standard used in billions of devices, earning over AU\$450 million in patent settlements
- **Cochlear implant** – Professor Graeme Clark at the University of Melbourne performed the first multi-channel cochlear implant in 1978; **Cochlear Limited** has since implanted over one million people across more than 120 countries
- **PERC solar cell** – Professor Martin Green at UNSW developed the Passivated Emitter and Rear Cell (1983), which now accounts for over 91% of global silicon solar module production
- **Google Maps** – originated as Where 2 Technologies, a Sydney startup founded in 2003 and acquired by Google in 2004
- **Black box flight recorder** – invented by David Warren at Melbourne's Aeronautical Research Laboratory in 1956; Australia became the first country to mandate cockpit voice recording
- **Electric drill** – the world's first, patented in 1889 by Arthur James Arnot in Melbourne for drilling through rock and coal
- **Fairlight CMI** – the world's first digital sampling synthesiser (1979), created by Kim Rylie and Peter Vogel in Sydney and widely credited with defining the sound of 1980s electronic music
- **CSIRAC** – one of the world's first stored-program computers (1949) and the first to play music, built by Trevor Pearcey and Maston Beard at CSIRO
- **Cervical cancer vaccine** – Ian Frazer and Jian Zhou at the University of Queensland developed the HPV virus-like particles (1991) later commercialised as Gardasil; Australia was the first country to implement a national HPV vaccination programme and is on track to eliminate cervical cancer by 2035
- **Scramjet flight** – the University of Queensland's HyShot program achieved the world's first successful scramjet flight test in 2002 at Mach 7.6, launched from Woomera

A number of partnerships also signalled expanding institutional collaboration on AI. **Asia Air Survey** signed an agreement with the University of New South Wales in May 2025 for collaboration in AI and remote sensing technology. **SC Analytics** partnered with Australian AI company Dxyfer in December on an AI collaboration, and **OMRON** signed an agreement with the Bradfield Development Authority, the body overseeing Sydney's Bradfield City precinct at the Western Sydney Aerotropolis, focused on technology and advanced manufacturing.

In July 2025, **Japan Nexus Intelligence** signed an MOU with the Australian Strategic Policy Institute focused on next-generation open-source intelligence and countering AI-driven information threats such as deepfakes and coordinated bot campaigns. The partnership underscores growing Japan-Australia cooperation on intelligence and security applications of AI.

Semiconductors and Internet of things (IoT)

Japan's semiconductor industry is in the midst of a government-backed revival. The country's global market share fell from nearly 50% in the late 1980s to roughly 10%, though it still controls over 50% of 14 critical semiconductor materials and approximately 75% of production of high-end photoresist, the light-sensitive chemical coatings used to transfer circuit patterns onto silicon wafers during chip manufacturing. The Japanese government has pledged ¥10 trillion (~\$90 billion) in support for semiconductor and AI development through 2030. The centrepiece of this effort is Taiwanese semiconductor manufacturing behemoth TSMC's new fabrication plants in Kumamoto, the first of which began mass production of chips using 12/16nm and 22/28nm processes in December 2024, with a second upgraded to produce 3nm chips. Alongside TSMC, **Rapidus**, a venture aiming to manufacture 2nm semiconductors in Hokkaido backed by **Toyota**, **Sony**, **SoftBank** and **NTT**, represents Japan's ambitious push to reclaim a position at the frontier of chipmaking. In February 2026, the Japanese Government announced a ¥100 billion (\$1 billion) investment to acquire an 11.5% shareholding in Rapidus with the right to raise the shareholding to above 50% and a veto power over foreign companies acquiring shares in the company.

Collaboration extends beyond industry. In December 2025, Japan's **Chitose Institute of Science and Technology** renewed its comprehensive partnership with the University of Technology Sydney, establishing joint project teams focused on advanced semiconductor and electronic engineering research. The largest technology transaction of the year by deal value was the \$88 million Series C round for Morse Micro, led by Osaka-based **MegaChips Corporation**, Japan's first fabless semiconductor company, founded in 1990. Morse Micro, a Sydney-based semiconductor company founded in 2016, develops Wi-Fi HaLow silicon solutions. HaLow

chips deliver ten times the range of conventional Wi-Fi and are a key enabler for industrial IoT applications where devices need to communicate over longer distances and through walls. The round also drew investment from Australia's National Reconstruction Fund Corporation, venture capital firms Blackbird and Main Sequence, and institutional superannuation investors including Hostplus, NGS and UniSuper. **MegaChips'** investment in Morse Micro reflects the renewed ambition in Japan's semiconductor sector and a willingness to look internationally for complementary technology.

Autonomous vehicles and robotics

In December 2025, **Japan Post Capital** participated in Applied EV's \$57 million Series B round, following a partnership signed between **Suzuki Motor Corporation** and the Melbourne-based company in 2023 to explore autonomous logistics vehicles. The round also included investment bank Barrenjoey and the National Reconstruction Fund Corporation, which committed \$30.7 million, more than half the round, and its first investment in the transport sector. Applied EV, which employs 113 people, develops the Blanc Robot, a cabinless autonomous electric platform designed for industrial logistics, built around its proprietary Digital Backbone technology. The platform is designed for Level 4 autonomous driving, meaning the vehicle can operate fully autonomously within defined environments without requiring human intervention. **Japan Post**, which operates a fleet of more than 30,000 vehicles, has also signed on as an early customer, with potential applications across its logistics operations.

Medical technology

Japanese investment in Australia's medical sector was quieter in 2025. **Rohto Pharmaceutical** invested US\$6 million (\$9.3 million) in Sydney-based Australis Scientific, maker of the Confidanz Smart Patch, a bandaid-sized wearable device that uses tibial nerve stimulation to treat overactive bladder and urinary incontinence. **Rohto** first invested in Australis Scientific during a seed round in 2023, making its 2025 commitment a deepening of that relationship. Overactive bladder affects 12.5 million adults in Japan, and **Rohto Pharmaceutical** sees the Confidanz device as a scalable at-home solution aligned with its focus on healthy longevity. Australis launched its first-in-human clinical trial (the SPARC Study) in Sydney and Brisbane in October 2025, with regulatory submissions planned for Australia's Therapeutic Goods Administration (**TGA**), the United States' Food and Drug Administration (**FDA**) and Japan's Pharmaceuticals and Medical Devices Agency (**PMDA**). The company also won the 2025 MedTech Innovator Asia Pacific Grand Prize.

On the pharmaceutical licensing side, **FUSO Pharmaceutical Industries** secured exclusive rights to develop and commercialise DMX-200 in Japan, a Phase III drug candidate for focal segmental glomerulosclerosis

(FSGS), a form of kidney disease, from ASX-listed Dimerix. The deal, announced in January, is worth up to ¥10.5 billion (approximately \$107 million) in total: ¥300 million upfront (~\$3.1 million), ¥400 million on first clinical trial site initiation, and further development and commercialisation milestones, plus royalties of 15–20% on net sales. **FUSO** assumes all development costs, regulatory submissions to the PMDA, and sales and marketing in Japan, while Dimerix retains the intellectual property. This was Dimerix's third licensing deal for the compound, following agreements with Advanz Pharma (2023) and Taiba (2024), bringing collective deal value across all territories to approximately AU\$1.4 billion. Dimerix share price rose 35% on the announcement.

In October, **Teijin** signed an MOU with Melbourne's Cell Therapies to collaborate on cell and gene therapy CDMO services across Japan and Asia-Pacific. Cell Therapies, co-located within the Peter MacCallum Cancer Centre, operates 13 purpose-built cleanrooms with capacity for up to 2,000 patient doses per year and is the only Australian facility with Japanese MHLW accreditation to supply Japan's market, a critical credential for cross-border clinical supply of CAR T-cell, mesenchymal stromal cell and iPSC-derived therapies.

Separately, the **Japan Bioindustry Association (JBA)** signed an MOU with Queensland University of Technology to advance collaboration in biomanufacturing, leveraging QUT's recently upgraded \$18 million Pioneer BioPilot fermentation facility in Mackay and positioning Queensland as a potential hub for bio-based products using the state's abundant feedstock sugars and renewable energy.

Australia continues to offer structural advantages as a clinical trial destination for Japanese companies. The TGA's streamlined Clinical Trial Notification scheme can deliver approvals in as few as four to six weeks, compared with the lengthy Investigational New Drug application required in the United States. Other advantages include an R&D tax incentive of up to 43.5% for eligible pre- and early-revenue companies, ethnic diversity that enhances trial generalisability, cost efficiencies that can reduce early-phase trial costs by up to 28% compared to the United States, and data transferability to the PMDA, FDA and the European Medicines Agency (**EMA**). Australian medtech companies received considerable interest at the Osaka Expo, and we expect further investment in Australian medtech startups in 2026.

Innovation ecosystem and startups

Japan's engagement with Australia's startup and innovation ecosystem extends beyond direct investment. Japan's Startup Development Five-Year Plan, originally announced by former Prime Minister Fumio Kishida in November 2022, set targets of ¥10 trillion in startup investment, 100,000 new startups and 100 unicorn companies by FY2027, and explicitly promotes open innovation between Japanese corporates and foreign startups. JETRO's J-Bridge platform, launched in 2021, now has over 1,650 Japanese companies registered for cross-border matchmaking. The annual Innovation Leaders Summit (ILS) in Tokyo, Asia's largest open innovation matching event and now in its 13th year, has become a key pipeline for Australian startups seeking Japanese corporate partners. Australia was awarded Top Overseas Institution in both 2022 and 2023 for the number of business matching meetings, ahead of South Korea and the United States.

This collaboration has expanded further following the highly successful commercialisation of Australian research enabled by fund manager Main Sequence and its close partnership with **Daiwa Capital Markets Australia**. Australia produces research that ranks in the top 1% globally, but has historically had a poor track record of commercialising research. Main Sequence was founded by Australia's government research organisation CSIRO in 2017, with its first \$240 million fund built on a cornerstone investment from the Australian Government matched by private sector capital. CSIRO also maintains direct research partnerships with Japanese organisations including **RITE**, **Panasonic Energy** and **Osaka Gas**, spanning carbon capture, critical minerals processing and solar thermal technology. The Main Sequence fund has since grown to over \$1 billion in assets under management and a portfolio valued at \$6.8 billion across over 70 portfolio companies.

All of Main Sequence's investments are in deep tech, meaning they focus on science and technology solutions to significant problems that require substantial amounts of research and capital, and each is linked to publicly funded research. Main Sequence aims to facilitate the commercialisation of high-quality research to address global challenges. The United States is the primary destination for Main Sequence's overseas activity, but Japan is now the second most significant market thanks to Main Sequence's close partnership with **Daiwa Capital Markets Australia**, the international investment banking arm of Japan's **Daiwa Securities Group**. **Daiwa** has been a collaborator with Main Sequence since 2021 and a limited partner investor since 2023. **Daiwa** also maintains partnerships with venture capital funds, universities, the Japanese government, and has a joint venture capital fund with **Sony**. **Daiwa** serves as a key bridge between Australia and Japan in the startup and innovation space.

Japan's startup sector has seen rapid growth, with the number of startups rising from approximately 16,000 to 25,000 since 2022. This has been driven by the Japanese Government's Startup Development Five-year Plan, launched in 2022, the emergence of new venture capital funds, and changes in Japanese universities, some of which now operate entrepreneurial training programs, on-campus incubation facilities, and directly participate in startup investment. 13 of Main Sequence's 70 portfolio companies now have Japanese corporate investment, offices in Japan, or business partnerships with Japanese firms, making Main Sequence the most significant Australian venture capital fund in terms of collaboration with Japanese industry. Examples include:

- Samsara Eco, a spin-out from the Australian National University that developed proprietary enzyme technology enabling the infinite recycling of plastics without the quality degradation associated with traditional methods.
- Morse Micro. Osaka-based **MegaChips Corporation** led Morse Micro's \$88 million Series C capital raising in September 2025, building on an existing strategic partnership between the two companies.
- v2food, which received investment from **Ajinomoto** in August 2025. The partnership will see **Ajinomoto** manufacture and distribute v2food's plant-based products in emerging markets in Africa and Asia.






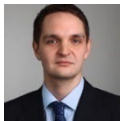










Australian technology companies and innovation platforms are also increasingly using Japan as a market for expansion and commercialisation, rather than engaging only through inbound investment or research collaboration. In the health innovation space, MedTech Actuator has expanded its Japan engagement through startup acceleration and commercialisation initiatives involving Japanese startups and institutions. Together, these examples reflect Japan's growing role as a destination for Australian deep-tech and health-tech capability, commercialisation and market development.

Quantum


Quantum computing is an area of increasing opportunity for Australia-Japan collaboration. In 2025, Prime Minister Takaichi designated quantum one of 17 strategic growth sectors, with Japan committing over ¥1 trillion (approximately \$9 billion) and declaring 2025 the "first year of quantum industrialisation." Australia's standing in the field was underlined in December 2025 when Silicon Quantum Computing, led by 2018 Australian of the Year Michelle Simmons, published results in Nature demonstrating a quantum processor with record accuracy that improves with scale.

Quantum Brilliance, an ANU spinout developing room-temperature quantum processors, established a Tokyo subsidiary in 2025 after becoming the first Australian company selected for the Tokyo Metropolitan Government's subsidy programme to attract overseas technology companies. Sydney-based Q-CTRL, which received investment from NTT Finance in its 2024 funding round, conducted successful flight and naval trials of its quantum navigation system in 2025, demonstrating GPS-free positioning that cannot be jammed or spoofed. TIME named the system one of its Best Inventions of 2025.

Herbert Smith Freehills Kramer's Australia-Japan team

Australia	<p>Senior Adviser</p>  <p>Ian Williams</p>	<p>Partners</p>  <p>Damien Roberts</p>  <p>Melissa Swain-Tonkin</p>  <p>Elizabeth Charlesworth</p>  <p>Nicole Pedler</p>  <p>Timothy Stutt</p>  <p>Aaron White</p>  <p>James Allsop</p>  <p>Cassandra Wee</p>				
		<p>Senior Associates</p>  <p>Kate Bower</p>  <p>Jennifer Wu</p>  <p>Jean Hamilton-Smith</p>  <p>Peter Keeves</p>				<p>Solicitors</p>  <p>George Farrugia</p>  <p>Sara Komatsu</p>
	Japan	<p>Partners</p>  <p>Andrew Blacoe</p>  <p>Lachlan Clancy</p>				
		<p>Senior Associates</p>  <p>Saori Nakayama</p>  <p>Ryu Long*</p>		<p>Associates</p>  <p>Sakura Kajimura</p>  <p>Julia Hong</p>  <p>Tatsuaki Tomiyama</p>		

* Ryu Long on secondment to HSF Kramer Singapore

 Indicates Japanese language proficiency

Schedule 1: Details of M&A transactions and other investments surveyed in 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
1	ENEOS Corporation	ENEOS MCH Hydrogen Demonstration Plant	ENEOS Corporation committed \$200 million to the development of its ENEOS MCH Hydrogen Demonstration Plant in Brisbane, Queensland. The facility is expected to produce up to 680 kilograms of green hydrogen per day by 2026 and forms part of a Japanese-government backed demonstration initiative commissioned by NEDO (New Energy and Industrial Technology Development Organization) and supported by METI's Green Innovation (GI) Fund.	200	Energy / Hydrogen	28 January 2025
2	Mitsubishi UBE Cement Corporation	MCi Carbon Pty Ltd	Mitsubishi UBE Cement Corporation acquired a US\$5 million shareholding in MCi Carbon Pty Ltd, an Australian carbon capture and utilisation technology company. The investment formed part of MCi's fundraising round of over US\$20 million at a post-money valuation of US\$200 million.	US\$5m	Industrial Technology / Carbon Capture and Utilisation	29 January 2025
3	Sojitz Corporation	Climatech Group Holdings Pty Ltd	Sojitz Corporation acquired a 70% shareholding in Climatech Group Holdings Pty Ltd, a New South Wales-based energy-efficient HVAC provider and mechanical services contractor, through its consolidated subsidiary Ellis Air Group Pty Ltd.	Undisclosed	Industrial / HVAC	30 January 2025
4	Idemitsu Kosan Co Ltd	Chugoku Electric Power Co Inc	Idemitsu acquired an additional 10% interest in the Boggabri coal mine in New South Wales from Chugoku Electric Power Australia Resources Pty Ltd, a wholly-owned subsidiary of Chugoku Electric Power. The acquisition increases Idemitsu's ownership interest in the mine to 90%.	Undisclosed	Mining / Coal	31 January 2025
5	Idemitsu Kosan Co Ltd	Boggabri Coal Mine (10% interest)	The Chugoku Electric Power Co Inc , through its wholly-owned subsidiary Chugoku Electric Power Australia Resources Pty Ltd, sold its 10% interest in the Boggabri coal mine in New South Wales to Idemitsu Kosan Co Ltd.	Undisclosed	Mining / Coal	31 January 2025
6	Nabtesco Corporation	Access Entry Pty Ltd	Nabtesco Corporation , through its subsidiary Gilgen Door Systems AG, increased its shareholding in Melbourne-headquartered Access Entry Pty Ltd from 33% to 80%, resulting in Access Entry becoming a consolidated subsidiary. Access Entry provides automatic door installation and maintenance services across Australia, and the transaction strengthens Nabtesco's building automation and service capabilities in the Australian market.	Undisclosed	Industrial	4 February 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
7	Optimus Group Co Ltd	Ferntree Gully Auto Sales Pty Ltd	Optimus Group Co Ltd , through its subsidiary Autopact Pty Ltd, acquired Ferntree Gully Auto Sales Pty Ltd (trading as CD Motor Group), a Melbourne-based multi-franchise new vehicle dealership group selling Hyundai, Kia and Mitsubishi vehicles.	Undisclosed	Mobility / Automotive Platforms	11 February 2025
8	Mitsui & Co., Ltd	VOC Group Ltd	Mitsui & Co., Ltd agreed to acquire VOC Group Ltd's 25% interest in the Rhodes Ridge iron ore project under a definitive sale and purchase agreement. The transaction formed part of Mitsui & Co.'s broader US\$5.342 billion investment to acquire a 40% interest in the project, marking Mitsui & Co.'s largest investment to date.	US\$3,339m	Mining / Iron Ore	19 February 2025
9	Mitsui & Co., Ltd	AMB Holdings Pty Ltd	Mitsui & Co., Ltd initially entered into a heads of agreement, and subsequently signed a definitive sale and purchase agreement, to acquire AMB Holdings Pty Ltd's 15% interest in the Rhodes Ridge iron ore project. The transaction formed part of Mitsui & Co.'s broader US\$5.342 billion investment to acquire a 40% interest in the project.	US\$2,003m	Mining / Iron Ore	19 February 2025
10	Mitsubishi Estate Asia; PERIFA	Balmain Leagues Club site (Heworth Holdings Group)	Mitsubishi Estate Asia , in partnership with Australian real estate developer PERIFA, acquired the Rozelle Village project at the former Balmain Leagues Club site in Sydney from Heworth Holdings Group. The site is planned to be redeveloped into an approximately \$800 million mixed-use precinct featuring 227 apartments, including 59 affordable housing units, and commercial and retail space.	Undisclosed	Real Estate	13 March 2025
11	Iwatani Corporation	Central Queensland Green Hydrogen	Iwatani Corporation withdrew from the Central Queensland Green Hydrogen (CQ-H2) project, a proposed facility expected to produce 800 tonnes of green hydrogen per year by the early 2030s, divesting its project interest after the Queensland Government halted further investment.	N/A	Energy / Green Hydrogen	18 March 2025
12	Nippon Telegraph and Telephone Corporation (NTT)	JPMorgan Asset Management	NTT , through its subsidiary NTT UD Australia Pty Ltd, acquired the remaining 50% interest in 53 Albert Street, Brisbane from JPMorgan Asset Management, taking its ownership to 100%. The A-grade office tower is fully leased to the Queensland Government until 2028.	110	Real Estate	19 March 2025
13	Ofer Global	Mitsui E&P Australia Pty Ltd	Ofer Global, through its subsidiary O.G. Energy, acquired Mitsui E&P Australia Pty Ltd's interests in the Otway Basin Joint Ventures, comprising gas-producing assets in south-eastern Australia.	Undisclosed	Energy / Gas	24 March 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
14	Daibiru Corporation	Investa Commercial Property Fund	Daibiru Corporation acquired a 100% interest in the 29-storey A-grade office tower at 135 King Street, Sydney, from Investa Commercial Property Fund.	Undisclosed	Real Estate	31 March 2025
15	Nippon Steel Corporation	Whitehaven Coal	Nippon Steel completed its acquisition of a 20% interest in the Blackwater metallurgical coal mine from Whitehaven Coal.	US\$720m	Mining / Coal	31 March 2025
16	JFE Steel Corporation	Whitehaven Coal	JFE Steel Corporation completed its acquisition of a 10% interest in the Blackwater metallurgical coal mine from Whitehaven Coal. JBIC provided financing support for the acquisition.	US\$360m	Mining / Coal	31 March 2025
17	Potentia Energy (INPEX Corporation; Enel Green Power)	CVC DIF; Construction and Building Unions Superannuation (Cbus Super)	Potentia Energy, a joint venture between INPEX and Enel Green Power, acquired controlling interests in a portfolio of more than 1GW of Australian renewable energy assets from Dutch infrastructure fund manager CVC DIF and Australian superannuation fund Construction and Building Unions Superannuation (Cbus).	Undisclosed	Energy / Renewables	3 April 2025
18	Japan Pulp and Paper Co Ltd	Caspak Products	Japan Pulp and Paper Co Ltd , through its subsidiary Ball & Doggett Pty Ltd, acquired the business of Caspak Products Pty Ltd, a manufacturer and wholesaler of flexible packaging materials.	Undisclosed	Industrial / Packaging	16 April 2025
19	Sakata INX Corporation	Galaxy Inks & Coatings Australia Pty Ltd	Sakata INX , through its subsidiary INX International , acquired 100% of Galaxy Inks & Coatings Australia, an exclusive Australian distributor.	Undisclosed	Industrial / Manufacturing	1 May 2025
20	Japan Fluorite Corporation	Tivan Ltd	Japan Fluorite Corporation, a joint venture between Sumitomo Corporation (51%) and JOGMEC (49%), executed binding agreements with Tivan Ltd to form an incorporated joint venture for the Speewah Fluorite Project in Western Australia. Japan Fluorite Corporation's initial investment of \$5.3 million secures a 7.5% interest, with the potential to invest up to \$60.3 million for a 22.5% shareholding.	5.3	Mining / Critical Minerals	7 May 2025
21	Sumitomo Metal Mining Co Ltd	Rio Tinto Limited	Sumitomo Metal Mining Co Ltd and Rio Tinto entered into a joint venture for the development of the Winu copper-gold project, in Western Australia. Under the agreement, Sumitomo Metal Mining will pay Rio Tinto up to \$430.4 million for a 30% interest in the project, with Rio Tinto continuing as operator.	430.4	Mining / Copper / Gold	12 May 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
22	COLOWIDE Co Ltd	Seagrass Holdco Pty Ltd	COLOWIDE Co Ltd, through its subsidiary COLOWIDE MD Co Ltd, acquired 100% of Seagrass Holdco Pty Ltd from Australian private equity firm Crescent Capital Partners.	Undisclosed	Consumer / Restaurants	13 May 2025
23	Hankyu Hanshin Express Co Ltd	International Cargo Express Pty Ltd	Hankyu Hanshin Express acquired a 100% shareholding in International Cargo Express Pty Ltd, an Australian freight-forwarding and customs-brokerage group, establishing it as the company's Oceania platform.	Undisclosed	Logistics / Freight	28 May 2025
24	Tokyo Tatemono Co Ltd	Rockwater Brookvale and Stream Northmead Projects	Tokyo Tatemono Co Ltd entered into a joint venture with Ray White Capital Pty Ltd and Hannas Contracting Services Pty Ltd to develop the Rockwater Brookvale and Stream Northmead projects, two strata-titled industrial developments in Sydney. Together, the projects mark Tokyo Tatemono's entry into Australia's strata-industrial development sector.	Undisclosed	Real Estate	29 May 2025
25	MEC Global Partners Asia	Mitsubishi Estate Asia	MEC Global Partners Asia, a member of the Mitsubishi Estate Group, acquired an approximately 10% interest in Salesforce Tower, Sydney (180 George Street), from Mitsubishi Estate Asia as part of the establishment of an investment fund / holding structure to facilitate Mitsubishi Estate Asia's partial sell-down of its 30% interest in the asset.	Undisclosed	Real Estate	30 May 2025
26	Odakyu Electric Railway Co Ltd / fund investors	MEC Global Partners Asia investment fund	Odakyu Electric Railway, through its subsidiary Odakyu Australia, invested in the holding fund established by MEC Global Partners Asia in connection with Salesforce Tower, Sydney (180 George Street), alongside other Asian investors, following Mitsubishi Estate Asia's partial sell-down of its interest in the asset.	Undisclosed	Real Estate	30 May 2025
27	Nomura Research Institute Ltd	FIIG Holdings Ltd	Nomura Research Institute Ltd, through its subsidiary AUSIEX, acquired 100% of FIIG Holdings Ltd, an Australian fixed-income broker and investment platform.	Undisclosed	Financial Services	3 June 2025
28	SoftBank Robotics Group Corp	icetana AI Limited	SoftBank Robotics Group Corp, through its subsidiary SoftBank Robotics Singapore Pte Ltd, acquired a 17.6% shareholding in ASX-listed icetana AI Limited for \$1.87 million to support the integration of AI-driven video analytics into its robotics and security solutions.	1.87	Technology / AI	7 June 2025
29	JX Advanced Metals Corporation	RZ Resources Limited	JX Advanced Metals entered into an initial investment agreement to acquire an interest in RZ Resources Limited's Copi critical-minerals project in New South Wales, for \$20 million. The arrangement also includes a further \$5 million equity contribution and \$5 million in convertible funding.	20	Mining / Critical Minerals	9 June 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
30	Kanden Realty & Development Co Ltd	Castle Group	Kanden Realty & Development Co Ltd , through its subsidiary Kanden Realty & Development Australia Pty Ltd, entered into a partnership with Castle Group for a residential land subdivision project in Schofields, Sydney. The project involves the development and sale of 126 residential lots across approximately 4 hectares.	Undisclosed	Real Estate	19 June 2025
31	Sojitz Corporation	Lendlease Corporation Limited	Sojitz Corporation acquired a 70% shareholding in Capella Capital Partnership, an Australian infrastructure development and investment platform, from Lendlease Corporation Limited.	235	Infrastructure	20 June 2025
32	Marubeni Corporation	Jellinbah Group Pty Ltd	Marubeni acquired an additional 6.7% shareholding in Jellinbah Group Pty Ltd, increasing its shareholding from 33% to 40%. Jellinbah Group holds a 70% interest in the Jellinbah East and Lake Vermont metallurgical coal mines in Queensland.	Undisclosed	Mining / Coal	30 June 2025
33	Nippon Sanso Holdings Corporation	Coregas Pty Ltd	Nippon Sanso acquired Coregas Pty Ltd from Wesfarmers, including its Australian and New Zealand industrial gas and welding businesses. Approximately \$163 million of the acquisition was financed by JBIC.	770	Industrial	1 July 2025
34	Mitsubishi Gas Chemical; Toyota Motor Corporation Hydrogen Factory; ENEOS Xplora	Gold Hydrogen Limited	Mitsubishi Gas Chemical, Toyota Motor Corporation Hydrogen Factory, and ENEOS Xplora invested in ASX-listed Gold Hydrogen Limited, an Australian natural hydrogen and helium exploration company, to support further investigation of its natural hydrogen and helium resources.	14.5	Energy / Hydrogen	3 July 2025
35	SBI Shinsei	Latitude Group	SBI Shinsei acquired an additional 1.01% shareholding in ASX-listed Latitude Group, increasing its total shareholding to 20.30%.	Undisclosed	Financial Services	16 July 2025
36	Kanden Realty & Development Co Ltd	Novus Holdings	Kanden Realty & Development Co Ltd , through its subsidiary Kanden Realty & Development Australia Pty Ltd, invested alongside Novus Holdings in the Novus on Spencer build-to-rent development in West Melbourne. The project comprises 190 apartments across 19 levels and represents Kanden's first direct investment in the Australian build-to-rent sector.	Undisclosed	Real Estate	24 July 2025
37	Mitsubishi Estate Asia Pte Ltd; Nippon Steel Kowa Real Estate	Lendlease Corporation Limited	Mitsubishi Estate Asia Pte Ltd and Nippon Steel Kowa Real Estate entered into a joint venture with Lendlease to deliver a luxury residential development at 175 Liverpool Street, Sydney.	Undisclosed	Real Estate	28 July 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
38	Dai-ichi Life Holdings Inc	MS&AD Insurance Group Holdings Inc	Dai-ichi Life Holdings Inc , through its Australian subsidiary TAL, agreed to acquire a 15.1% shareholding in ASX-listed Challenger Limited from Japanese insurer MS&AD on 7 April 2025, subject to regulatory approvals. The acquisition was completed on 1 August 2025.	JPY80bn	Financial Services / Insurance	1 August 2025
39	Dai-ichi Life Holdings Inc	MS&AD Insurance Group Holdings Inc	MS&AD Insurance Group Holdings Inc sold its 15.1% shareholding in ASX-listed Challenger Limited to TAL, a wholly-owned subsidiary of Dai-ichi Life Holdings Inc. The acquisition was completed on 1 August 2025.	JPY80bn	Financial Services / Insurance	1 August 2025
40	Dai-ichi Life Holdings Inc	AP Liberty, L.P. (managed by Apollo Global Management)	Dai-ichi Life Holdings Inc. , through its Australian subsidiary TAL, agreed to acquire an additional approximately 4.8% shareholding in ASX-listed Challenger Limited from AP Liberty, L.P., a fund managed by Apollo Global Management on 17 June 2025. Following completion of this acquisition and TAL's separate acquisition of a 15.1% shareholding from MS&AD, TAL's total shareholding in Challenger increased to 19.9%.	247	Financial Services / Insurance	1 August 2025
41	Ajinomoto Co Inc	v2food Pty Ltd	Ajinomoto invested in v2food Pty Ltd, an Australian plant-based protein company, and entered into a strategic partnership to accelerate development and commercialisation of alternative-protein products.	Undisclosed	Consumer / Food	7 August 2025
42	Mitsubishi UFJ Financial Group Inc	Neoen SA	Mitsubishi UFJ Financial Group Inc , through Atmos Renewables Pty Ltd, agreed to acquire the remaining majority interest in the 316MW Hornsdale Wind Farm in South Australia from Neoen SA.	Undisclosed	Energy / Renewables	12 August 2025
43	KPP Group Holdings Co Ltd	ABL Distribution Pty Ltd	KPP Group Holdings , through its subsidiary Signet Pty Ltd, acquired the packaging business of ABL Distribution Pty Ltd, an Australian distributor of industrial packaging, warehousing and safety supplies.	Undisclosed	Industrial / Packaging	18 August 2025
44	Sumitomo Metal Mining Oceania Pty Ltd	Miramar Resources Ltd	Sumitomo Metal Mining Oceania signed a non-binding term sheet with Miramar Resources Ltd to form an exploration JV over the Bangemall nickel-copper-platinum group projects in Western Australia. Sumitomo can earn 60% via \$2.5 million expenditure over three years, 80% via an additional \$3 million over two years, and 90% upon completion of a feasibility study.	2.5	Mining / Resources	26 August 2026
45	Mirvac Group; Mitsubishi Estate Co Ltd	Harbourside project, Sydney	Mirvac Group and Mitsubishi Estate Co Ltd entered into a joint venture for the delivery of Mirvac's Harbourside project in Sydney's Darling Harbour, with an expected end value of more than \$2 billion.	Undisclosed	Real Estate	31 August 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
46	Robe River Joint Venture (Rio Tinto Limited; Mitsui & Co Ltd; Nippon Steel Corporation)	CZR Resources Ltd	The Robe River Joint Venture, comprising Rio Tinto Limited (53%), Mitsui & Co Ltd (33%) and Nippon Steel Corporation (14%), acquired CZR Resources Ltd's interest in the Robe Mesa iron ore project in Western Australia.	75	Mining / Iron Ore	9 September 2025
47	Mitsui & Co Ltd	BHP Group Limited	Mitsui & Co Ltd acquired a 7% interest in the Ministers North iron ore deposit in the Pilbara region of Western Australia as part of BHP's Mt Goldsworthy Joint Venture.	Undisclosed	Mining / Iron Ore	9 September 2025
48	ITOCHU Corporation	BHP Group Limited	ITOCHU Corporation acquired an 8% interest in the Ministers North iron ore deposit in the Pilbara region of Western Australia as part of BHP's Mt Goldsworthy Joint Venture.	Undisclosed	Mining / Iron Ore	9 September 2025
49	JR West Real Estate & Development Co Ltd; Sotetsu Real Estate Co Ltd	Investa	JR West Real Estate Development Co Ltd & Sotetsu Real Estate Co Ltd entered into a strategic capital partnership with Investa to deliver a \$230m Studio Living project at 140 Elizabeth Street in Sydney's CBD, comprising approximately 251 studio apartments.	Undisclosed	Real Estate	10 September 2025
50	MIXI Australia Pty Ltd	PointsBet Holdings Ltd	MIXI Australia Pty Ltd , the Australian subsidiary of TSE-listed MIXI Inc, acquired a 66.43% shareholding in ASX-listed PointsBet Holdings Ltd under its off-market takeover bid priced at \$1.25 per share.	289	Consumer	12 September 2025
51	Mitsubishi Motors Corporation	FleetPartners Group Ltd	Mitsubishi Motors Corporation increased its shareholding in ASX-listed FleetPartners Group Ltd to 19.93% through on-market acquisitions, strengthening its strategic position in the Australian fleet and novated leasing sector.	Undisclosed	Mobility / Automotive Platforms	18 September 2025
52	MegaChips Corporation	Morse Micro Pty Ltd	MegaChips Corporation , an Osaka-based semiconductor company, acquired a shareholding in Australian low-power Wi-Fi chipmaker Morse Micro as part of the company's \$88 million Series C capital raising.	Undisclosed	Technology	23 September 2025
53	Incubate Fund KK	deepC Store	Japanese venture capital firm Incubate Fund invested in deepC Store's CStore1 floating carbon capture and storage project off the coast of Western Australia. The project is designed to store liquefied carbon dioxide from industrial sources in deep offshore geological formations.	JPY350m	Energy / CCS	30 September 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
54	Optimus Group Co Ltd	Keystar Autoworld	Optimus Group Co Ltd, through its subsidiary Optimus Group Australia Pty Ltd, acquired Australian car dealership Keystar Autoworld.	Undisclosed	Mobility / Automotive Platforms	1 October 2025
55	Mitsubishi Corporation	Eagers Automotive Limited	Mitsubishi Corporation acquired a 20% shareholding in a new holding company for Eagers Automotive Limited's used vehicle platforms (easyauto123 and Carlins) and separately invested \$50 million in new shares in the ASX-listed automotive group through a strategic placement.	Undisclosed	Mobility / Automotive Platforms	1 October 2025
56	Abbe Pty Ltd	Oji Holdings Corporation	Oji Fibre Solutions Limited, a subsidiary of Oji Holdings Corporation, sold its packaging business to the Abbe Group.	Undisclosed	Industrial / Packaging	1 October 2025
57	Robe River Joint Venture (Rio Tinto Limited; Mitsui & Co Ltd; Nippon Steel Corporation)	Robe River Joint Venture	The Robe River Joint Venture partners (Rio Tinto (53%), Mitsui & Co. (33%), and Nippon Steel (14%)) approved the \$998 million West Angelas Sustaining Project to develop three new deposits at the West Angelas hub in the Pilbara. Mitsui & Co. disclosed the value of its share of the investment at approximately \$329 million. The project has received the major necessary approvals, with production scheduled to commence in 2027.	998	Mining / Iron Ore	7 October 2025
58	Idemitsu Kosan Co Ltd	Graphinex Pty Ltd	Idemitsu Kosan, through its subsidiary Idemitsu Australia, participated in Graphinex Pty Ltd's fifth capital raising round, increasing its existing shareholding in the Queensland-based graphite anode developer.	Undisclosed	Mining / Critical Minerals	9 October 2025
59	Stanbroke Holding Company Pty Ltd	Marubeni Corporation	Stanbroke Holding Company Pty Ltd acquired Rangers Valley Cattle Station Pty Ltd, a beef cattle feedlot operator and premium beef supplier, from Marubeni Corporation.	Undisclosed	Agriculture / Beef	16 October 2025
60	Sumitomo Mitsui Finance and Leasing Co Ltd; Kenedix Inc; ARAVEST PTE LTD	ISPT Pty Ltd	Sumitomo Mitsui Finance and Leasing Co Ltd, through its subsidiary SMFL MIRAI PARTNERS (SINGAPORE) PTE LTD, acquired a 50% interest in 345 Queen Street, Brisbane from ISPT Pty Ltd as part of a consortium including Kenedix Inc, ARAVEST PTE LTD and other Japanese investors.	Undisclosed	Real Estate	30 October 2025
61	Nippon Life Insurance Company	MLC Life (National Australia Bank Ltd)	Nippon Life completed its acquisition of National Australia Bank's remaining 20% shareholding in MLC Life Insurance, resulting in full ownership (80% shareholding acquired in 2016). MLC Life and Resolution Life Australia were consolidated under the Acenda brand.	500	Financial Services / Insurance	31 October 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
62	Marubeni Corporation	RZ Resources Limited	Marubeni Corporation invested \$15 million for options granting it the right to acquire up to a 5% participating interest in RZ Resources' Copi mineral sands project in New South Wales.	15	Mining / Critical Minerals	10 November 2025
63	Rohto Pharmaceutical	Australis Scientific	Rohto Pharmaceutical invested US\$6 million in Sydney-based medical technology company Australis Scientific to support the development of its Confidanz Smart Patch device for the treatment of overactive bladder.	US\$6m	Healthcare / MedTech	23 November 2025
64	Sojitz Corporation	Next Green Group Pty Ltd	Sojitz acquired Australian energy retailer and distributed energy developer Next Green Group Pty Ltd as part of a broader strategy to integrate air conditioning system installation with electricity supply and energy services.	Undisclosed	Energy / Renewables	26 November 2025
65	Samty Holdings Co Ltd	Unilodge Australia Pty Ltd	Samty Holdings agreed to acquire a majority shareholding in UniLodge, Australia's largest student accommodation operator, subject to regulatory approval.	600	Real Estate	28 November 2025
66	Tokyo Tatemono Co Ltd	Lendlease Corporation Limited	Tokyo Tatemono invested in Lendlease's Docklands residential tower project in Melbourne, marking its first direct investment in the Australian residential development sector.	Undisclosed	Real Estate	1 December 2025
67	Sojitz Corporation	UGL Limited (transport division)	Sojitz agreed to acquire a 50% interest in the transport business of UGL Limited from CIMIC Group. The business provides rolling stock manufacturing and maintenance, signalling and communication systems, and related rail transport services.	500	Industrial / Rail	2 December 2025
68	Sumitomo Forestry Co Ltd	Cedar Pacific Investment Management Pty Ltd	Sumitomo Forestry Co Ltd , through its subsidiary Sumitomo Forestry Australia Pty Ltd, entered into a joint venture with Cedar Pacific for the development of a nine-storey co-living building in Wolli Creek, Sydney. The project comprises 217 studio apartments and will use mass timber construction.	Undisclosed	Real Estate	2 December 2025
69	ONE Innovators Inc	Number 8 Bio Pty Ltd	ONE Innovators Inc , a Tokyo-based climate venture capital fund, participated in the \$11 million Series A capital raising for Sydney-based Number 8 Bio, which is developing BetterFeed, a methane-reducing livestock feed additive targeting Australian commercial launch in 2026.	Undisclosed	Agriculture / Technology	5 December 2025

No	Buyer	Target / Seller	Description of Transaction	Deal Value (A\$m)	Industry	Date Announced/ Completed
70	NTT Urban Development Corporation	Victorian residential land (Camerons Lane and Torquay projects)	NTT Urban Development Corporation , through its subsidiary NTT UD Australia Pty Ltd, commenced two new residential land development projects in Victoria: Camerons Lane in Beveridge and a project in Torquay. Together, the projects comprise approximately 1,530 planned residential lots.	Undisclosed	Real Estate	11 December 2025
71	Marubeni Corporation; Haseko Corporation; Mizuho Leasing Co Ltd	AsheMorgan	Marubeni Corporation, Haseko Corporation and Mizuho Leasing Co Ltd entered into a partnership with AsheMorgan for the District Living build-to-rent project in Melbourne's Docklands. The \$600 million development is expected to deliver more than 925 apartments across two towers. This is Marubeni's first investment in Australia's build-to-rent sector.	Undisclosed	Real Estate	12 December 2025
72	Toho Gas Co Ltd	YES Group (SA) Pty Ltd	Toho Gas Co Ltd , through its subsidiary Toho Gas Arise Investment Pty Ltd, co-invested in YES Group, a renewable energy developer, operator and retailer based in South Australia, alongside the APAC Sustainable Infrastructure Fund (A-SIF) and YES Group founder Mark Yates. A-SIF is managed by PATRIZIA MBK Fund Management, a joint venture between Mitsui & Co. and PATRIZIA SE. This represents Toho Gas's first participation in a renewable energy business in Australia.	Undisclosed	Renewable Energy	16 December 2025
73	Yamato Kogyo Co Ltd	Salix Products Pty Ltd	Yamato Kogyo acquired a 50% equity interest in Salix Products from Martinus Group, establishing a 50:50 joint venture in Australia's rail turnout and trackwork systems operator.	Undisclosed	Industrial / Rail	17 December 2025
74	Japan Post Capital Co Ltd	Applied Electric Vehicles Ltd	Japan Post Capital Co Ltd invested in Applied Electric Vehicles Ltd, an Australian developer of autonomous driving software and electric vehicle platforms.	Undisclosed	Technology / Automotive	19 December 2025
75	Stonepeak Partners LP	Marubeni Corporation	Stonepeak Partners LP agreed to acquire Marubeni Corporation's 40% shareholding in Allgas Energy Pty Ltd, an Australian gas distribution business.	Undisclosed	Energy / Gas Distribution	19 December 2025
76	Nikken Corporation	Chadwick Forklifts Pty Ltd	Mitsubishi Corporation , through its wholly-owned subsidiary Nikken Corporation , acquired 100% of the shares in Chadwick Forklifts Pty Ltd, a Victoria-based forklift rental and maintenance company.	Undisclosed	Industrial	23 December 2025
77	A Japanese company	EnviroCopper	A Japanese investor committed \$3.5 million to EnviroCopper, a South Australian in-situ copper recovery company, with the option to convert the investment into a shareholding.	3.5	Mining	~

Schedule 2: Details of partnerships surveyed in 2025

No	Party A	Party B	Details of partnership	Industry	Date
1	FUSO Pharmaceutical Industries Co., Ltd	Dimerix Ltd	FUSO Pharmaceutical Industries entered an exclusive development and licence agreement with Dimerix Ltd to develop and commercialise Dimerix's DMX-200 for the treatment of focal segmental glomerulosclerosis (FSGS) disease in Japan. FUSO will be responsible for development costs, regulatory submissions and commercialisation in Japan, with Dimerix eligible for up to JPY10.5 billion in upfront, milestone and royalty payments.	Pharmaceuticals	7 January 2025
2	Idemitsu Kosan Co Ltd	Stanmore Resources Limited; Terviva Inc	Idemitsu Kosan made a strategic equity investment in US-based Terviva and, together with Stanmore Resources, commenced a trial plantation of pongamia trees on Stanmore land in Queensland to support feedstock development for sustainable aviation fuel (SAF).	Sustainable Aviation Fuel / Agriculture	14 January 2025
3	TEPCO Power Grid Incorporated	Endeavour Energy	Tokyo Electric Power Company Power Grid signed an MOU with Endeavour Energy to collaborate on climate-related initiatives, including the sharing of technology and expertise in power grid management as distributed energy resources, including rooftop solar, become more prevalent.	Renewable Energy	14 January 2025
4	ITOCHU Corporation	Mitsubishi UBE Cement Corporation, MCi Carbon Pty Ltd	ITOCHU Corporation signed an MOU with Mitsubishi UBE Cement Corporation and MCi Carbon Pty Ltd to explore the manufacture of low-carbon building materials and carbon-derived products. Mitsubishi UBE Cement concurrently invested US\$5 million in MCi Carbon. MCi's mineral carbonation technology will be used to capture CO ₂ , and convert it into low-carbon building materials, with the partnership aiming to develop a supply chain for raw material procurement, sales, and commercialisation in Japan.	Carbon Capture / Cement / Sustainability	29 January 2025
5	Ministry of Agriculture, Forestry and Fisheries (Japan)	Department of Agriculture, Fisheries and Forestry (Australia)	The Japanese Ministry of Agriculture, Forestry and Fisheries and the Australian Department of Agriculture, Fisheries and Forestry signed a statement of intent to modernise agri-food value chains, enhance knowledge sharing and support resilient bilateral trade.	Agriculture / Food Supply Chains	4 February 2025
6	UACJ Corporation	Sunrise Energy Metals Ltd	UACJ Corporation and Sunrise Energy Metals Ltd renewed their research agreement to co-develop aluminium-scandium alloys for heat-resistant automotive components. The renewal extends the joint programme for 12 months to end-January 2026, with intellectual property to be jointly owned.	Materials / Automobiles	14 February 2025

No	Party A	Party B	Details of partnership	Industry	Date
7	TMI Associates	Johnson Winter Slattery	TMI Associates , one of Japan's five largest law firms, formed a strategic alliance with Johnson Winter Slattery to support cross-border legal services. TMI established a Sydney Desk within JWS's Sydney office on 10 March 2025, with plans to open a standalone office in Australia by 2026.	Legal Services	10 March 2025
8	Mitsubishi Heavy Industries Ltd	Port of Newcastle	Mitsubishi Heavy Industries signed a formal advisory agreement with the Port of Newcastle to support development of the Port's Clean Energy Precinct. Under the agreement, MHI will advise on the production, storage and distribution of hydrogen and ammonia, providing technical input to inform the CEP's Front End Engineering Design (FEED) studies. The 220-hectare Clean Energy Precinct on Kooragang Island is funded by a \$100 million Commonwealth grant for hydrogen readiness.	Hydrogen / Ammonia / Energy	11 March 2025
9	Nissan Chemical Corporation	Element 25 Ltd	Nissan Chemical Corporation and ASX-listed Element 25 Ltd completed a scoping study under their existing MOU and agreed to proceed to a feasibility study for a battery-grade high-purity manganese sulphate monohydrate (HPMSM) facility in Chiba, Japan, targeting a final investment decision by June 2026.	Materials	2 April 2025
10	Iwatani Australia Limited	Cobalt Blue Holdings Limited	Iwatani Corporation , through subsidiary Iwatani Australia signed an agreement with ASX-listed Cobalt Blue Holdings Limited to develop the Kwinana Cobalt Refinery in Western Australia.	Mining	11 April 2025
11	Ispace, inc.	entX Limited	Ispace, inc. and South Australian nuclear engineering firm entX Limited signed an MOU to develop and test entX's radioisotope heating unit on the lunar surface as part of a future ispace mission, enabling spacecraft survival through the lunar night. The collaboration was supported by a \$200,000 grant from the South Australian Government's Space Collaboration and Innovation Fund.	Space / Nuclear Technology	22 April 2025
12	Kita-Sanriku Factory Inc.	Deakin University	Kita-Sanriku Factory , via KSF Australia, and Deakin University announced a land-based aquaculture trial and testing of Australian-made sea urchin feed to improve the quality and yield of undernourished sea urchins for commercial sale. The project aims to enable harvest from areas where overpopulation has left urchins malnourished and damaged local kelp forests.	Aquaculture	30 April 2025
13	Nissay Asset Management Corporation	Frontier Advisors Pty Ltd	Nissay Asset Management entered a strategic partnership with Frontier Advisors to access Frontier's investment insights for Japanese pension clients and explore co-development of new advisory services.	Asset Management / Consulting	1 May 2025

No	Party A	Party B	Details of partnership	Industry	Date
14	Asia Air Survey Co., Ltd	University of New South Wales	Air Asia Survey and the University of New South Wales signed an MOU to collaborate on research and innovation in urban development, infrastructure, disaster prevention and next-generation mining. The collaboration covers activities including remote sensing, surveying, data analysis, and AI.	Technology / AI	1 May 2025
15	Star Signal Solutions Inc	Inovor Technologies Pty Ltd	Star Signal Solutions and Inovor Technologies signed an MOU at the Australian Embassy in Tokyo to collaborate on space situational awareness, space-traffic coordination and satellite-communications solutions for government and commercial customers across the Indo-Pacific.	Space	19 May 2025
16	OMRON Corporation	Bradfield Development Authority	OMRON and the Bradfield Development Authority signed an MOU under which the Bradfield Development Authority's Advanced Manufacturing Readiness Facility will collaborate with Omron's global network of Proof of Concept Centers to promote innovation, technology exchange and productivity across manufacturing in Western Sydney.	Technology / Manufacturing	28 May 2025
17	Urban Renaissance Agency (UR)	Government of New South Wales	Urban Renaissance Agency (UR) and the Government of New South Wales signed an MOU to cooperate on housing supply and transit-oriented development, including promoting NSW investment opportunities to Japanese companies.	Real Estate / Urban Development	30 May 2025
18	Chubu Electric Power Co., Inc.	Hazer Group Limited	Chubu Electric Power and Hazer completed a pre-feasibility study and are advancing development of a methane-pyrolysis facility in Nagoya to produce 2,500 tonnes per annum (tpa) of clean hydrogen and high-quality graphite, alongside partner Chiyoda Corporation.	Hydrogen / Minerals	2 June 2025
19	Tokyo Stock Exchange, Inc.; Fujitsu Limited	ASX Limited	Tokyo Stock Exchange (TSE) and Fujitsu signed an MOU with the Australian Securities Exchange (ASX) to develop a request for quote platform for the Australian exchange-traded fund (ETF) market based on TSE and Fujitsu's CONNEQTOR. CONNEQTOR enables institutional investors trading large volumes of ETFs to request quotes from multiple dealers simultaneously, allowing them to secure competitive pricing without signalling their intentions through visible market orders.	Financial Services	2 June 2025
20	SoftBank Robotics Group Corp	icetana Ltd	SoftBank Robotics signed a multi-year strategic partnership with icetana Ltd, appointing SoftBank Robotics Corp, as exclusive distributor in Japan and establishing a three-year \$1.08 million joint product development program. A related equity investment was made concurrently.	Software / Technology	10 June 2025

No	Party A	Party B	Details of partnership	Industry	Date
21	Kajima Corporation	Pro-invest Group	Kajima formed a long-term partnership with Pro-invest to develop a build-to-rent housing portfolio across Australian cities, aiming for up to \$1.5 billion in assets within five years and launching with a 300-unit project in Sydney.	Real Estate / Build-to-Rent	16 June 2025
22	Kawasaki Kisen Kaisha Ltd	Provaris Energy Ltd	Kawasaki Kisen Kaisha (K Line) signed a 12-month MOU with ASX-listed Provaris Energy to collaborate on studies related to the development, construction and operation of Provaris' compressed hydrogen carriers (H2Neo) and storage barges (H2Leo), and to evaluate potential further partnership or commercial arrangements.	Hydrogen / Shipping	20 June 2025
23	JERA Co Inc	Woodside Energy Group Ltd	JERA and Woodside signed a heads of agreement for Woodside to supply approximately 200,000 tonnes of LNG annually during Japan's winter peak demand period, starting in 2027 for a minimum of five years.	Energy / LNG	23 June 2025
24	Mitsui & Co., Ltd	VHM Ltd	Mitsui & Co. signed a non-binding LOI with VHM Limited for the potential purchase of 40% of heavy mineral concentrate (HMC) from VHM's Goschen rare earths and mineral sands project in Victoria, with Mitsui & Co. also contemplating a trade finance facility subject to due diligence.	Mining / Resources	2 July 2025
25	Space BD Inc.	Gilmour Space Technologies Pty Ltd	Space BD signed a strategic partnership with Gilmour Space to market dedicated and rideshare launch opportunities on the Eris launch vehicle and ElaraSat platforms from the Bowen Orbital Spaceport in North Queensland, giving Japanese and global satellite customers new Southern-Hemisphere mission options.	Space / Launch Services	9 July 2025
26	Akita University; Akita Prefectural University	Stralis Aircraft Pty Ltd	Queensland-based aerospace firm Stralis Aircraft signed an MOU with Akita University and Akita Prefectural University during Osaka World Expo 2025. The collaboration covers joint research and development in hydrogen-electric aircraft propulsion. The partnership was facilitated by an introduction made by IHI. The collaboration aligns with Japan's broader ambition to commercialise hydrogen aircraft propulsion from the mid-2030s.	Aerospace / Hydrogen / Renewable Energy	17 July 2025
27	Sumitomo Corporation	Tivan Ltd	Sumitomo Corporation and ASX-listed Tivan Limited signed an MOU to negotiate commercial agreements for the collaborative development, financing, operation and marketing of fluorite concentrate from the Sandover Fluorite Project in the Northern Territory, targeting both metallurgical-grade and acid-grade fluorspar production.	Critical Minerals / Mining	21 July 2025

No	Party A	Party B	Details of partnership	Industry	Date
28	Japan Nexus Intelligence Inc	Australian Strategic Policy Institute	Japan Nexus Intelligence Inc and the Australian Strategic Policy Institute signed an MOU on next-generation open-source intelligence. The agreement aims to see the two organisations collaborate on efforts to counter malicious information threats, particularly those enabled by AI, including deepfakes and coordinated bot campaigns.	Intelligence	24 July 2025
29	Mitsubishi Estate Asia Pte Ltd	McNab Group; Ray White Capital	Mitsubishi Estate Asia Pte Ltd partnered with McNab Group and Ray White Capital to develop and deliver Elements Budds Beach, a \$175 million, 87-apartment luxury residential development on the Gold Coast.	Real Estate / Residential Development	31 July 2025
30	Sojitz; Japan Organization for Metals and Energy Security (JOGMEC)	Alcoa of Australia Limited	Alcoa of Australia signed a joint development agreement with Japan Australia Gallium Associates, a joint venture between Sojitz and JOGMEC, to explore the feasibility of producing gallium at one of Alcoa's alumina refineries in Western Australia.	Critical Minerals / Gallium	4 August 2025
31	Coregas Pty Ltd (Nippon Sanso Holdings)	Energys Australia Pty Ltd	Nippon Sanso through its subsidiary Coregas Pty Ltd entered a strategic agreement with Energys Australia Pty Ltd under which Coregas will operate and manage downstream logistics at Energys' 1MW PEM electrolyser green hydrogen production facility in Hastings, Victoria. The facility is Victoria's first commercial B2B green hydrogen production facility and is supported by the Victorian Government's Renewable Hydrogen Commercialisation Pathways Fund.	Hydrogen / Renewable Energy	11 August 2025
32	Ministry of Foreign Affairs of Japan	Department of Foreign Affairs and Trade	Japan's Ministry of Foreign Affairs and Australia's Department of Foreign Affairs and Trade signed a memorandum of cooperation on consular assistance for Japanese and Australian nationals overseas at the 12th Japan-Australia 2+2 Foreign and Defence Ministerial Consultations. Under the agreement, Japan and Australia will share crisis management information in peacetime, provide support for evacuating each other's nationals from third countries during emergencies, and offer temporary shelter to evacuees. Australia is the second country to sign such an agreement with Japan, after South Korea (September 2024). The agreement builds on successful cooperation during the evacuation of nationals from New Caledonia in May 2024.	Government	5 September 2025

No	Party A	Party B	Details of partnership	Industry	Date
33	Inpex Corporation	Northern Territory Government	INPEX signed a non-binding strategic agreement with the Northern Territory Government covering long-term operation of the Ichthys LNG facility, local skills and business development, trade, and environmental initiatives including net zero targets. The multi-decade agreement builds on a 2022 commitment statement and establishes a Coordination Committee. Ichthys LNG in Darwin supplies approximately 10% of Japan's annual LNG imports.	LNG / Resources	11 September 2025
34	Japan Suiso Energy Ltd	Woodside Energy Group Ltd; The Kansai Electric Power Co Inc	Japan Suiso Energy signed an MOU with Woodside Energy Group and The Kansai Electric Power (KEPCO) to develop a liquid hydrogen supply chain between Australia and Japan, with H2Perth, a commercial-scale liquid hydrogen production facility, as the initial supply source.	Hydrogen / Energy	25 September 2025
35	WarpSpace	The University of South Australia; RapidBeam	The University of South Australia and Adelaide-based space start-up RapidBeam signed an agreement with Japanese space technology company WarpSpace to develop next-generation laser communication systems. The collaboration centres around testing WarpSpace's HOCSAI optical modem at the Australasian Optical Ground Station Network, a laser communication network spanning Australia and New Zealand.	Space / Technology	29 September 2025
36	Mitsubishi Heavy Industries Ltd	Yara Pilbara Fertilisers Pty Ltd	Mitsubishi Heavy Industries signed an MOU with Yara Pilbara Fertilisers Pty Ltd, an Australian subsidiary of Norwegian fertiliser company Yara International, to explore the development of a lower-carbon ammonia value chain in Western Australia. The partnership focuses on post-combustion carbon capture and compression technologies to decarbonise Yara Pilbara's ammonia production facility on the Burrup Peninsula.	Ammonia / CCS	30 September 2025
37	Astroscale Holdings Inc	High Earth Orbit Robotics Pty Ltd	Astroscale , a Tokyo-based satellite servicing company, signed a three-year MOU with Australian space technology firm High Earth Orbit Robotics to deepen cooperation on space domain awareness and satellite servicing for defence, government and commercial customers.	Space / Defence	30 September 2025
38	Mitsui Sumitomo Insurance Co Ltd	Allstate Underwriting Agencies Pty Ltd	Mitsui Sumitomo Insurance and Allstate Underwriting Agencies Pty Ltd formed a strategic partnership under which Mitsui Sumitomo would provide underwriting capacity for Allstate's farm insurance portfolio in Australia.	Financial Services	1 October 2025
39	IHI Corporation; Meisei Electric Co., Ltd	Inovor Technologies Pty Ltd	IHI, Meisei Electric and Inovor Technologies Pty Ltd signed a Joint Research Agreement at the International Astronautical Congress in Sydney to jointly develop and demonstrate small satellite technology for maritime domain awareness.	Aerospace / Defence	1 October 2025

No	Party A	Party B	Details of partnership	Industry	Date
40	Sumitomo Corporation	Victory Metals Limited	Sumitomo Corporation and ASX-listed Victory Metals signed a non-binding LOI for a long-term offtake and strategic partnership, covering supply of up to 30% of annual production from Victory's North Stanmore heavy rare earth project for an initial five-year term.	Mining	1 October 2025
41	Teijin Limited	Cell Therapies Pty Ltd	Teijin , a Japanese materials and healthcare company, signed an MOU with Melbourne-based Cell Therapies Pty Ltd to expand cell and gene therapy contract development and manufacturing (CDMO) services across the Asia-Pacific region. The partnership combines Cell Therapies' GMP manufacturing capabilities with Teijin's regenerative medicine infrastructure in Japan to enable cross-border clinical trial supply, technology transfer and regulatory alignment.	Healthcare / Biotech	1 October 2025
42	Sharp Corporation	ESI Asia Pacific Pty Ltd	Sharp and ESI Asia Pacific signed an MOU to co-develop next-generation zinc-air flow battery technology, beginning with a proof-of-concept project with The University of Queensland.	Energy	2 October 2025
43	Serendix Inc	Planum Partners Pty Ltd	Serendix and Planum Partners Pty Ltd signed an MOU at the Australia Pavilion at World Expo 2025 Osaka to introduce 3D-printed housing technology to Australia. The agreement includes a demonstration home and feasibility study in Queensland.	Property / Construction	3 October 2025
44	Mitsui OSK Lines (MOL)	NH3 Clean Energy; Oceania Marine Energy	MOL signed an MOU with two Australian clean energy companies, NH3 Clean Energy and Oceania Marine Energy, to support the development of clean ammonia bunkering operations, relating to the use of ammonia as marine fuel, in the Pilbara region of Western Australia.	Renewable Energy / Ammonia	7 October 2025
45	Japan Bioindustry Association	QUT	Japan Bioindustry Association and QUT signed an MOU to strengthen collaboration in biomanufacturing and related life sciences research and commercialisation, including in areas such as pharmaceuticals, food, energy and industrial biotechnology.	Biotech	20 October 2025
46	TDK Corporation	Gelion plc	TDK and Gelion plc entered into a full collaboration agreement to co-develop sulfur-based battery technologies, with pouch cell prototyping by TDK at its plant in Nagano, Japan.	Battery Technology	21 October 2025
47	Space BD Inc	Inovor Technologies Pty Ltd	Space BD signed an MOU with Inovor Technologies at the International Astronautical Congress 2025 in Sydney, outlining a commitment to explore commercial opportunities for Inovor Technologies' subsystems and units	Space	30 October 2025

No	Party A	Party B	Details of partnership	Industry	Date
			within Space BD's network, as well as launch services supported by Space BD for Inovor Technologies.		
48	Sojitz	Gilmour Space Technologies Pty Ltd	Sojitz signed an MOU with Gilmour Space Technologies to explore satellite and launch service opportunities between Australia and Japan at the Australian Embassy in Tokyo.	Space	7 November 2025
49	Japan Bank for International Cooperation (JBIC)	The Queensland Government of Australia	JBIC and the Queensland Government signed an MOU to further strengthen their partnership, with the aim of increasing Japanese investment in Queensland. It follows a previous MOU signed by JBIC and the Queensland Government in December 2011.	Mining / Infrastructure / Resources	25 November 2025
50	Marubeni Corporation	Iberdrola Australia	Marubeni entered into a hydrogen sales agreement with Iberdrola Australia to supply green hydrogen produced at Marubeni's facility in Bolivar, South Australia, for co-firing at Iberdrola's adjacent natural gas power plant, enabling Australia's first hydrogen co-firing trial from September 2025. The hydrogen is produced using a 160 kW PEM electrolyser powered by surplus renewable grid energy, with production optimised by an energy management system provided by Marubeni's subsidiary SmartestEnergy Australia.	Hydrogen / Renewable Energy	25 November 2025
51	ITOCHU Corporation	NH3 Clean Energy	ITOCHU Corporation signed an MOU with NH3 Clean Energy to support the development of clean ammonia bunkering operations, which involves the use of ammonia as marine fuel, in the Pilbara region of Western Australia.	Renewable Energy / Ammonia	8 December 2025
52	Planet Savers Inc	Australian Carbon Vault Ltd	Planet Savers , a direct air capture start-up, and spin-off from the University of Tokyo , signed an MOU with Australian Carbon Vault Ltd to develop a direct air capture to storage project in South Australia's Arckaringa Basin.	Carbon Capture / Storage	18 December 2025
53	Chitose Institute of Science and Technology	University of Technology Sydney	Chitose Institute of Science and Technology and University of Technology Sydney renewed their MOU, originally signed in February 2023, for collaboration in education and research, especially in the fields of IT and engineering.	Education / R&D	24 December 2025

