

Australia Private Equity Pulse

2025: year in review

Private equity (PE) activity in Australia rebounded in 2025, supported by high levels of unallocated capital, renewed momentum in priority sectors (technology, business and financial services, and health care), and increasing investor appetite for larger, more complex transactions. Improving global market conditions and strong cross-border participation underpinned the recovery, reinforcing Australia's position as a core Asia-Pacific PE market.

While the market continues to recalibrate, early signs of stabilisation are evident, albeit with an uneven recovery. Deal activity in H1 2025 remained muted amid uncertainty around US tariff policy and broader macro volatility. Momentum improved in H2, with Q3 and Q4 driving a pickup in deployment. This pattern reflects a shift toward fewer, higher-conviction deals as valuation expectations reset and financing conditions became more supportive.

Total capital deployed reached US\$33.1b across 76 deals, accounting for approximately 26% of total Asia-Pacific PE deployment. Mega-deal activity increased, with 12 transactions above US\$1b, up from three in the prior year, signalling renewed confidence in executing scale transactions. Activity concentrated in institutionally backed assets with defensive earnings and favourable regulatory or sectoral tailwinds, including CC Capital's US\$2.2b take-private of Insignia Financial and KKR's US\$855m acquisition of agricultural infrastructure platform ProTen.

By sector, technology led deal activity by volume (29%), followed by consumer (13%). There has been a trend of increasing deals in the technology since 2023, where the sector represented 12% of deal volume.

2025: numbers in focus

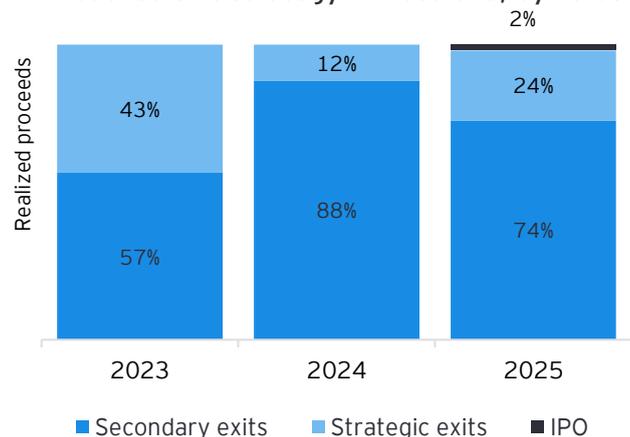
US\$33.1b
Capital deployed across
76 deals

US\$22.5b
in PE-backed exits
across 43 deals

Exit activity remained resilient in 2025

While exit volume improved by 23% year-on-year, realised proceeds increased a more modest 9%, largely reflecting a high base effect from the prior year's outlier transaction (Macquarie's US\$16b AirTrunk divestment). Secondary exits dominated, accounting for 74% of realised capital, underscoring continued reliance on private market liquidity as public exit windows remained selective. Looking ahead, Australia's exit environment is expected to strengthen modestly in 2026. Regulatory reforms introduced by the Australian Securities & Investments Commission (ASIC) in mid-2025, shortening approval timelines and reducing execution risk, have begun to restore issuer and investor confidence. A few large, well-priced IPOs in 2025, such as that of Virgin Australia Holdings, have demonstrated that the market is open again for high-quality issuers, with a growing pipeline of sponsor-backed and resources linked companies preparing to test conditions in 2026.

PE-backed exit strategy in Australia, by value



Note:

Data used in this report is sourced from Dealogic and Pitchbook. Deals include both announced and closed PE deals; analysis does not include M&A, venture capital and add-on transactions.

Australian PE fundraising remained constrained

The region witnessed only four PE fund closes totalling US\$2.7b, up 13% year-on-year, representing 8% of Asia-Pacific PE fundraising. Pacific Equity Partners' US\$2.1b Fund VII was the largest close, targeting broader Oceania opportunities. Despite higher capital raised, large-scale Australia-focused fund closes remained limited, with investors favoring pan-Asia-Pacific strategies to mitigate country-specific exit risks.

Top five Australia PE funds closed in 2025 (US\$m)

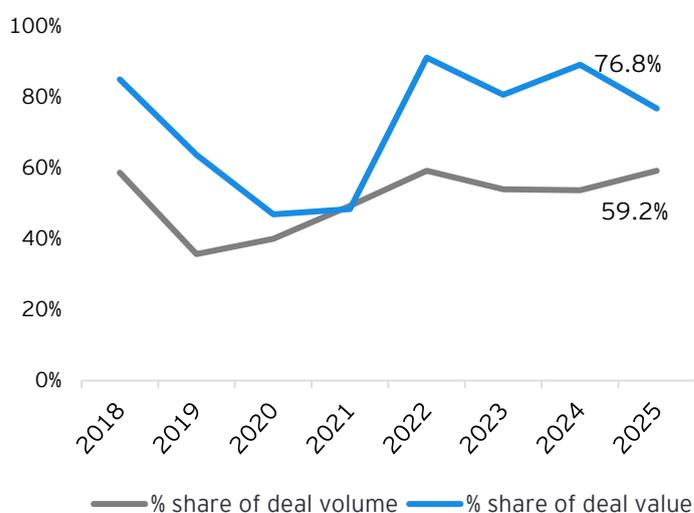
Includes only closed funds based in Australia

Fund name	Fund manager	Fund size
Pacific Equity Partners Fund VII	Pacific Equity Partners	2,074.2
Five V Frontier Fund I	Five V Capital	325.0
Anacacia V Fund	Anacacia Capital	183.2

Cross-border investor participation remains strong

Notably, nondomestic investor participation remains robust, underscoring sustained global conviction in Australian assets, supported by macro stability, strong governance, and a well-developed regulatory framework. For global players, Australia continues to offer differentiated exposure to long-duration themes, particularly infrastructure and energy transition. In 2025, non-domestic investors contributed 59% and 77% to the overall PE deal volume and value, respectively.

PE deal activity with non domestic investor participation as a share of all PE deal activity



Private credit emerges as a core, institutionalised financing channel in Australia

Australia's private credit market continued to scale in 2025, supported by structural bank retrenchment from higher-risk and construction/development lending, alongside persistent demand from borrowers for speed, certainty, and bespoke structures. Regulators and industry estimates put the market at ~A\$200b+, with ASIC noting half of exposures are real estate-related and the balance split across corporate/commercial and asset-backed/securitised lending. The Reserve Bank of Australia estimates there is around US\$40b in private credit outstanding in the country, equivalent to 2.5% of total business debt. And globally, private credit AUM has surged, quadrupling over the past decade to US\$2t.

Investor interest in Australian private credit strengthened in 2025, evidenced by new fund launches and heightened deployment from large institutional pools.

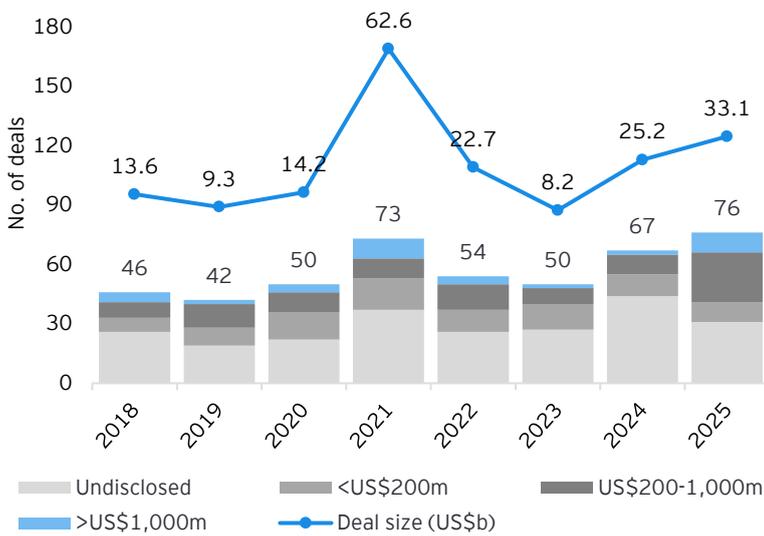
- Domestic managers introduced dedicated vehicles targeting local credit opportunities. For example, **Barings launched the Barings Australian Private Credit Fund** alongside its Asia-Pacific private loan strategies anchored with ~US\$690m in capital, providing both institutional and wholesale investors direct exposure to mid-market private lending.
- International firms also tailored products for Australian audiences such as **Brookfield Oaktree Wealth Solutions** launched the AUD-denominated Oaktree Strategic Credit Fund for wholesale investors in Australia, offering access to a diversified credit strategy managed by Oaktree.
- Meanwhile, large superannuation funds such as **AustralianSuper** have publicly signalled expanded private credit allocations as part of broader private markets exposure, reflecting strategic shifts toward yield and diversification.

Looking to 2026, growth in Australia's private credit sector is expected to remain positive, albeit with an increasing focus on quality underwriting, governance, and risk management. Regulatory scrutiny is intensifying, with ASIC's surveillance and thematic reviews stressing the importance of transparent valuation, conflict management, and robust disclosures to safeguard investor confidence as the asset class matures.

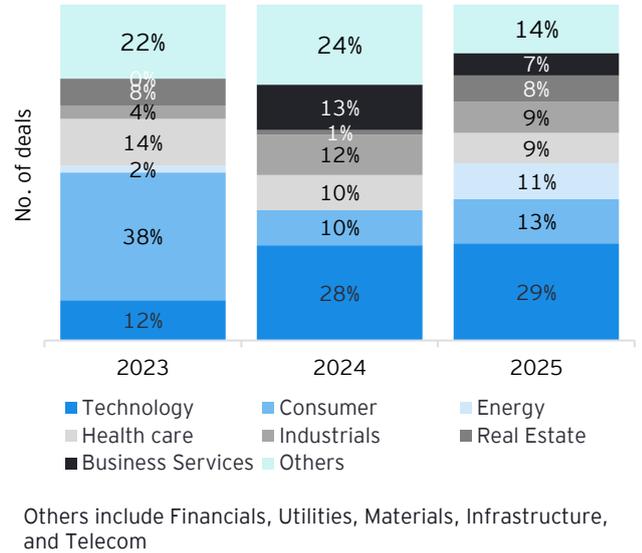
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The number of private credit funds in Australia has grown significantly, increasing competition for new deals. Funds are adapting to this competition by diversifying their deal types, securing a steady pipeline of opportunities. We expect continued growth for credit funds as borrowers and sponsors recognise the advantages of private credit, such as flexible solutions and speed of execution.

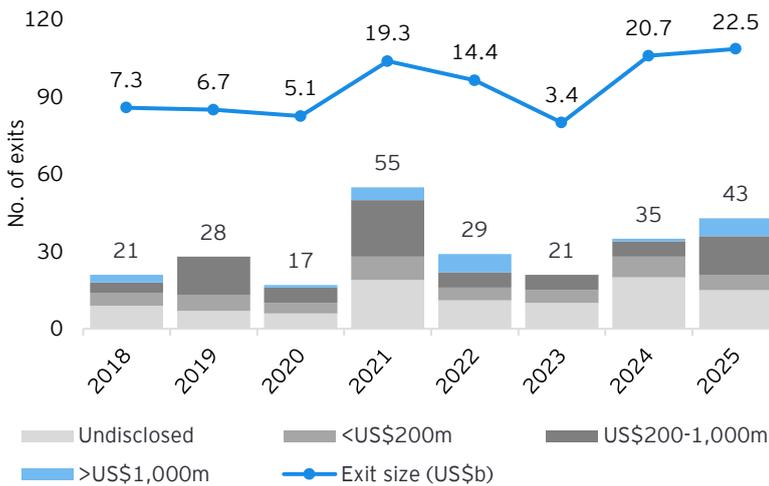
PE investments in Australia



PE investment volume by sectors



PE-backed exits in Australia



“ Looking ahead to 2026, we see Australia’s PE market entering a period of renewed momentum. With deal activity normalised, dry powder well positioned, and offshore interest remaining strong, the market is set to benefit from improving confidence and clearer valuation expectations. Australia’s depth of institutional capital and robust regulatory settings continue to make it one of the most attractive PE markets in the region.

Top PE investments in 2025 (US\$m)

Target	Sector	PE Investor (s)	Deal value
National Storage	Industrials	GIC Private, Brookfield	2,650
Goodman Group	Infrastructure	Canada Pension Plan Investment Board (CPP Investments)	2,600
Kinetic Holding Co Pty Ltd.	Industrials	TPG Capital	2,600
Aveo Group	Real Estate	AustralianSuper and National Pension Service	2,500
Insignia Financial	Financials	CC Capital, One Investment Management	2,155

Top PE-backed exits in 2025 (US\$m)

Target	Sector	PE seller	Exit value
Kinetic Holding Co Pty Ltd.	Industrials	OP Trust, Foresight Group	2,600
Aveo Group	Healthcare	Brookfield Corporation	2,500
Insignia Financial	Financials	Australian Retirement Trust, First Sentier Investors, Hostplus Superannuation Fund	2,156
AIP MC Holdings	Industrials	American Industrial Partners	1,500
Spartan Resources	Materials	Tembo Capital	1,500

Contact us to explore these trends and discuss the implications for you.

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Australia Quarterly Private Equity Update

This quarterly update looks at the private equity deal activity across Australia and provides analysis and insights on market trends and developments.

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