Australia Private Equity Quarterly Update

Q2 2026

Private equity (PE) activity in Australia remained subdued in Q2 2026, with deal volume and value lower relative to Q1 2026, which was buoyed by the announced close of active deals in Q4 2025. Australia's share of APAC PE deal value declined to approximately 15% in Q2 2026 from 24% in Q2 2025.

In Q2 2026, Australia recorded 20 PE deals deploying approximately US$5.0b in capital. Although two megadeals (above US$1b) accounted for nearly 70% of total quarterly deal value, the market also saw broader participation across smaller deal sizes, with transactions below US$200m representing 20% of total deal volume, compared with none in Q2 2025.

The healthcare sector accounted for 75.8% of total deal value, followed by infrastructure (14.2%) and technology (7.2%) sectors. The outsized share of the healthcare sector was driven by two megadeals; Stonepeak's acquisition of Estia Health and BGH Capital's acquisition of Aspen Asia Pacific. Apart from the health sector - digital infrastructure assets, including data centres, fibre networks and AI compute platforms continued to attract capital, supported by sustained demand for data, connectivity and computing capacity.

Deal flow remains supported by domestic sponsors, while cross-border capital continues to be selective.

Domestic investor participation strengthened during Q2 2026, with local sponsors accounting for a larger share of PE deal volume than a year earlier. International investors nevertheless remained active in larger transactions, contributing the majority of deal value, suggesting that cross-border capital has become more selective amid geopolitical uncertainty, tariff-related risks and elevated financing costs rather than retreating from the market.

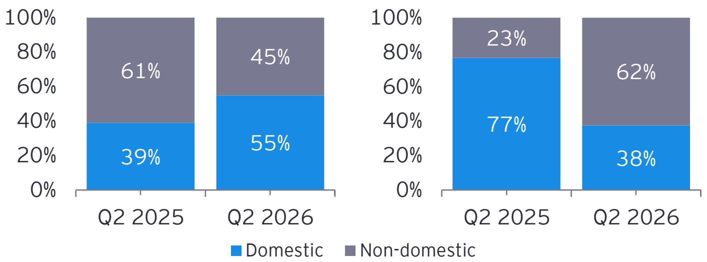
Q2 2026: numbers in focus

US$5.0b
Capital deployed across 20 deals

US$9.2b
in PE-backed exits across 12 deals

by investor origin

by investor origin



Exit volumes remain low but momentum is building

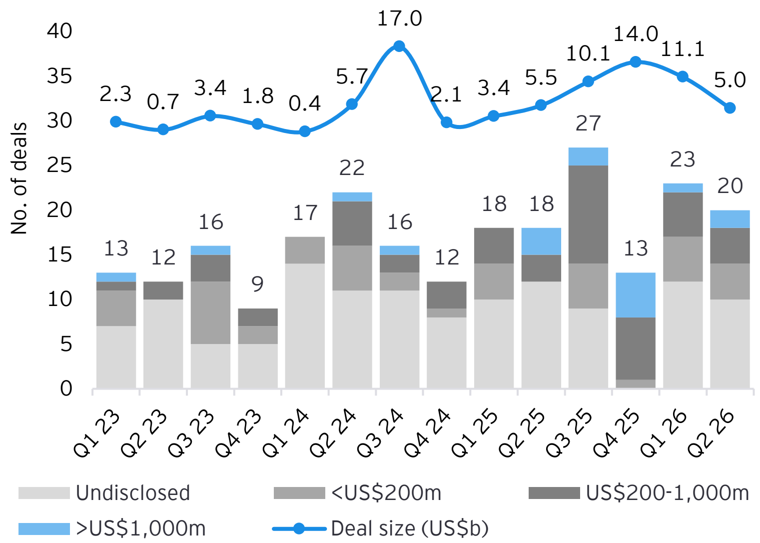
Exit activity overall in 2026 (19 exits in first half of 2026) remains low relative to the same point in time last year (25 exits in first half of 2025). However, exit volumes have improved compared to Q1 2026, indicating a buildup in exit momentum in the second half of 2026. The quarter also saw the use of continuation vehicles as an additional liquidity mechanism, as demonstrated by Pemba Capital Partners' transaction for Vets Central, reflecting sponsors' efforts to extend hold periods while providing liquidity to investors.

Australian PE fundraising remains subdued, in line with global fundraising trends.

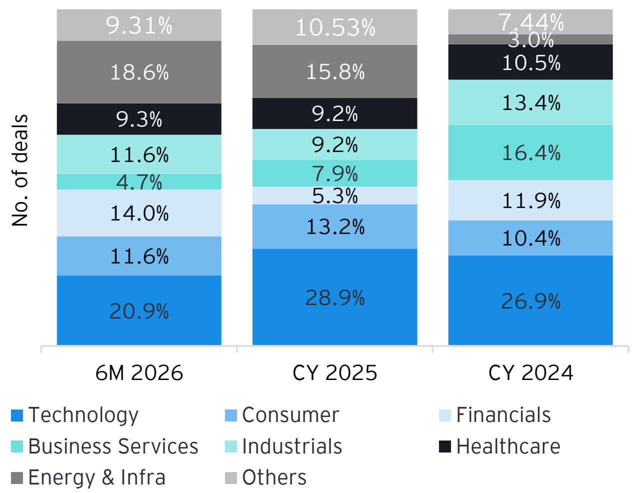
The region witnessed only two PE fund closes totalling US$458.2m during the quarter, down 80% YoY, representing 1% of APAC PE fundraising. The absence of large-scale Australia-focussed fund closes suggests capital from limited partners (LPs) continues to favour larger Pan-Asia-Pacific strategies, which offer greater diversification and broader exit opportunities.

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.

PE investments in Australia

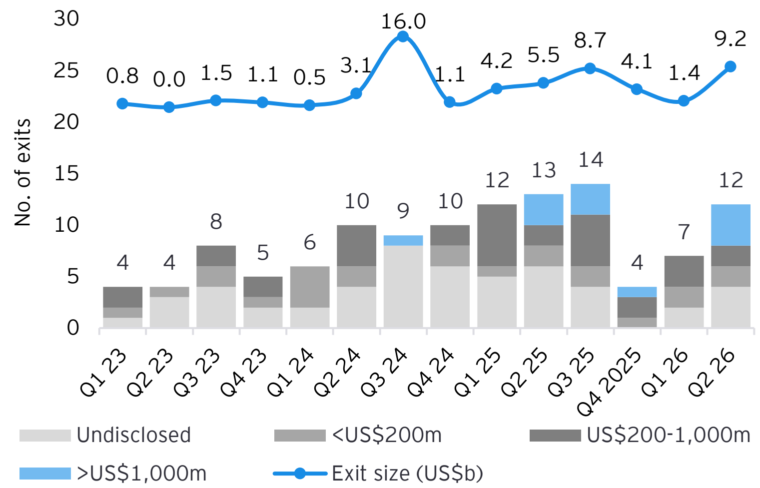


PE investment volume by sectors



Others include real estate, telecom and utilities

PE-backed exits in Australia



> "Australia's PE market is increasingly being defined by selectivity rather than abundance. Capital and liquidity continue to concentrate around assets with resilient demand, visible cash flows and strong domestic market exposure, reinforcing the importance of disciplined asset selection and operational value creation. As liquidity channels continue to diversify, sponsors that embed exit readiness early and maintain flexibility over realisation pathways are likely to be best positioned to maximise value.

Top PE investments in Q2 2026 (US$m)

Target	Sector	Investor	Deal value
Estia Health	Healthcare	Stonepeak Partners LP, Axight Capital	1,786.0
Aspen Asia Pacific	Healthcare	BGH Capital	1,633.4
Benson Radiology	Healthcare	Crescent Capital Partners Management	275.6.0

Top PE-backed exits in Q2 2026 (US$m)

Target	Sector	PE seller	Exit value
I-MED Radiology Network	Healthcare	Permira Ltd	2,438.0
Kestrel Coal Resources	Materials	EMR Capital	2,400.0
Estia Health	Healthcare	Bain Capital	1,786.0
Made Aust Pty Ltd	Consumer	TPG	1,402.0

Note:
Data used in this report is sourced from Dealogic and Pitchbook.
Deals include both announced and closed PE deals; analysis does not include venture capital activity.

Australia's private debt market gains global relevance

Australia's private debt market continues to benefit from strong structural tailwinds, including ongoing bank retrenchment, growing superannuation allocations and increasing interest from global investors. The market has expanded from an estimated AUD$40-50b in 2015 to more than AUD$200b in 2025.

While growth has been significant, Australia's private debt market is evolving differently from many of its global peers. Its unique sector composition, deep domestic capital pool and increasing appeal to international investors are shaping the next phase of development.

Real estate remains Australia's defining private debt opportunity: Unlike the US and Europe, where corporate direct lending dominates private debt markets, Australian private debt remains heavily skewed towards real estate debt, which accounts for an estimated 40-60% of market exposures. Continued bank retrenchment from development and construction finance has enabled private lenders to establish a strong foothold in the segment that remains central to the market's growth and identity.

Strong collateral protections support expansion into specialty finance: Concerns around collateral leakage and double pledging have emerged as areas of focus in segments of the US private debt market, particularly within asset-backed lending. Australia's Personal Property Securities Register (PPSR) mitigates many of these challenges by providing lenders with a centralised system to verify existing claims over collateral. As a result, the market is well positioned to support the continued expansion of specialty finance strategies, offering a level of transparency and security that is increasingly valued by private debt investors.

Diversification benefits are attracting global investor attention: As competition intensifies across North American and European private debt markets, investors are increasingly seeking exposure to markets with different economic drivers and lending dynamics. Australia's private debt market is increasingly being viewed as a complementary allocation within global portfolios, offering exposure that is less correlated with traditional direct lending markets.

Significant international LP capital remains untapped: Despite having one of the world's largest pension systems and a mature private debt ecosystem, Australia remains underrepresented in many global private debt portfolios. As institutional investors look beyond increasingly crowded markets, growing allocations from offshore pension funds, sovereign wealth funds and other global LPs could become the next major source of capital supporting market expansion.

Looking ahead, Australia's private debt market is expected to continue expanding; however, future success will be shaped not only by capital inflows, but also by the market's ability to maintain institutional standards as it scales. As the Australian Securities and Investments Commission (ASIC) increases its oversight of the sector, managers that combine disciplined underwriting, strong governance and access to differentiated lending opportunities are likely to be best positioned to capitalise on the next phase of growth.

> “Australia’s private debt opportunity is defined not by size alone, but by its ability to combine institutional scale with market inefficiencies that have largely disappeared elsewhere. As global investors contend with crowded direct lending markets, Australia's structural funding gaps, disciplined lending environment and growing range of specialty finance opportunities are increasingly setting it apart from larger private debt markets.

Recent fund launches highlight the broadening opportunity set in Australia’s private debt market:

Australia-based private debt funds launched in H1 2026

Fund name	Fund manager	Fund strategy	Target fund size (US$m)
MA CMBI APAC Credit Opportunities Fund	China Merchants Bank, MA Financial	Direct lending	600.0
Macquarie Infrastructure Income Opportunities Fund	Macquarie Asset Management	Infrastructure debt	1.5
Apollo Direct Lending Fund - Perpetual Fund	Macquarie Asset Management	Direct lending	-
IDA Property Finance Portfolio V	IDA Group	Real estate debt	-

Note:
Funds are sourced from Pitchbook

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

Key contacts

Miles Tam
EY-Parthenon Strategy – Deals Strategy
Sydney
EY Australia
miles.tam@parthenon.ey.com

Chris Paxton
EY-Parthenon Strategy – Managing Partner
Sydney
EY Australia
chris.paxton@parthenon.ey.com

Andrew Lee
EY-Parthenon Strategy – Director
Sydney
EY Australia
andrew.j.lee@parthenon.ey.com

Florence Santana
EY-Parthenon Strategy – Director
Sydney
EY Australia
florence.santana@parthenon.ey.com

Contributors

Saurabh Yadav
EY Private Equity Analyst
EYGBS (India) LLP
saurabh.yadav@gds.ey.com

Rashi Agarwal
Private Equity Analyst
EYGBS (India) LLP
rashi.agarwal1@gds.ey.com

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.