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JAPAN-AUSTRALIA M&A REVIEW AND TRENDS: 2017-2020

3RD EDITION - MARCH 2020





Findings in a snapshot

This is the third year we have comprehensively reviewed the year's Japan-Australia M&A deals and trends. Our findings and the trends remain consistent. Year on year there are more deals, more dollars and growing sector diversity. All indicators at present suggest that this trend should continue through 2020.

42

ANNOUNCED DEALS
IN 2019

17%

INCREASE IN NUMBER
OF DEALS FROM 2018

5

DEALS OVER
A\$1B



Japan's contribution to Australia

Our investment relationship with Japan is a story of deep relationships, reliable partners, compatible markets and future opportunities.

The second wave of Japanese investment into Australia began in 2007 when Kirin purchased National Foods for, at the time, a record A\$2.8 billion.¹ From a post-war history of minority interests in energy and resources projects in Australia, Japanese companies began investing in other commodities and services and to increasingly take a majority-controlling investment.

Australia's share of Japan's global outbound investment has been consistent at 2% to 2.5% of Japan's global foreign direct investment. However, during 2019, Australia received a record level of Japanese inbound investment and became the second most favourable destination for Japanese investors behind the United States. Japan's investment into Australia is growing; both in dollar terms and deal numbers. And it is diversifying into new sectors.

Even more satisfying, it would appear that Japanese investment into Australia has been disproportionately successful:

- Australia has in the last decade accounted for up to 50% of the global annual profit of leading Japanese trading houses;
- Japanese trading houses are in the top 10 exporters of coal, iron ore, oil, LNG, wheat, woodchips and salt; and
- Japanese trading houses account for 3 of the top 10 Australian corporate taxpayers.

Another trend we have observed in our earlier articles in this series,² is the growing diversification of the Japanese companies participating in the Australian market and the large number of new entrants. It will be interesting to observe the success and the trends of this second wave of Japanese companies as they become increasingly active in the Australian marketplace.

The bottom line is that Japanese investment into Australia, contributes significantly to the economy through Federal corporate and petroleum resource rent taxes and State mineral and petroleum royalties.

As many of the world's large economies look increasingly inward politically and socially, and while world trade dynamics can at times look quite uncertain, in investment terms, Australia continues to look towards its very close friend, and cornerstone investor, Japan.

¹ 'Japanese Investment in Australia – Lessons Learnt' (October 2016). <https://www.herbertsmithfreehills.com/file/20696/download?token=oLQTFAG>

² 'M&A trends 2017/2018 – Japan's new wave of investment into Australia'. <https://www.herbertsmithfreehills.com/latest-thinking/ma-trends-2017-2018-japans-new-wave-of-investment-into-australia> (7 May 2018); 'Japan-Australia M&A: Review and Trends (2017-2019)'. <https://www.herbertsmithfreehills.com/latest-thinking/日豪ma動向の考察と予測-2017-2019> (19 March 2019).



Japan - Australia M&A: Review and Trends (2017-2020)

“More good news – more deals, more dollars, more sector diversity”

Overview

Japanese Global M&A

2019 presented another busy year of Japanese M&A activity, with domestic acquisitions rising from 2,814 to 3,000 (reaching 6.1 trillion yen by value) and overseas deals climbing from 777 deals to 826. Although overseas transactions in 2019 totalled 10 trillion yen, which was a decrease from 2018 (18.3 trillion yen), Takeda's 6.8 trillion yen acquisition of Irish-headquartered Shire had inflated the total value of transactions in 2018.¹

Japanese Investment in Australia

Japan is Australia's second largest investor with A\$106 billion in foreign direct investment (FDI) as at 31 December 2018 (approximately 11% of the total foreign FDI in Australia).² Australia received 1.8% of Japanese FDI over 2018, ranking 10th in the world, and looks to be increasing again with 2.4% of total Japanese FDI over the period between January – May 2019 (ranked equal 4th with Singapore). Japan continues to be Australia's second largest trading partner, with trade in goods and services of A\$81.4 billion in 2018-2019.³

Japan and Australia's trading relationship was formalised under the 1957 Commerce Agreement, resulting in a wave of investments from Japan - predominantly to secure energy, minerals and food supply. Investment was initially undertaken through the acquisition of minority interests in joint ventures.

Although minority investments are continuing, since 2007 there has been a significant increase in majority and 100% acquisitions. These investments have expanded into new sectors such as insurance, wealth management, asset management, housing and construction, real estate, manufacturing, industrial and consumer products, renewable energy and technology, with the intention of participating primarily in the domestic Australian market.

Japanese M&A in Australia in 2019

2019 saw a continued increase in the number, size and complexity of deals and the diversity of sectors invested in.

There were five “mega-deals”:⁴

- **Asahi** - A\$16 billion acquisition of Carlton & United Breweries (**CUB**) from Anheuser-Busch InBev NV;⁵
- **Mitsubishi UFJ Trust and Banking Corporation** - completion of A\$4.2 billion acquisition of Colonial First State Global Asset Management from Commonwealth Bank of Australia;
- **Nippon Paint** - A\$3.8 billion takeover of ASX-listed paint manufacturer Dulux
- **Nippon Paper** - A\$1.7 billion acquisition of the fibre packing business of ASX-listed Orora; and
- **Sumitomo Chemical** - A\$1.2 billion acquisition of the South American crop protection and seed treatment business from ASX-listed Nufarm.

Herbert Smith Freehills has identified 42 announced Australian deals involving a Japanese corporation in 2019 with a total disclosed deal value of A\$25.76 billion (22 of the transactions did not disclose deal value). The deals were:

- comprised of 37 acquisitions and 5 divestments;
- an increase of 17% from 2018 (36 deals) and 27% from 2017 (33 deals); and
- an increase of 134% from 2018 (A\$11.02 billion, 9 deals undisclosed) and 368% from 2017 (A\$4.04 billion, 12 deals undisclosed) in deal value.

The scope of the transactions across 2019 indicates that Japanese corporations are now very familiar with the Australian market and increasingly comfortable with more complex transactions. We reviewed these deals in detail, reflecting on the trends identified in our previous publication,⁶ as well as envisaging additional trends using the data we have collated since 2017.

¹ <https://asia.nikkei.com/Business/Business-trends/Japan-s-M-A-boom-put-to-test-as-recession-fears-loom>.

² Australian Bureau of Statistics, Cat. No.5350 – International Investment Position, Australia (8 May 2019).

³ <https://dfat.gov.au/about-us/publications/trade-investment/Documents/monthly-trade-data.pdf>.

⁴ Transactions over A\$1 billion in value. Herbert Smith Freehills represented Commonwealth Bank of Australia and Nippon Paper in these transactions.

⁵ Subject to Australian Competition and Consumer Commission approval.

⁶ “Japan-Australia M&A: Review and Trends (2017-2019)”. https://www.herbertsmithfreehills.com/latest-thinking/日豪_ma_動向の考察と予測-2017-2019; see also “Why are the Japanese Investing in Australia?”. https://www.ajbcc.asn.au/wp-content/uploads/Why-are-the-Japanese-investing-in-Australia_AJBCC_OccasionalSeries_Final_July-2019.pdf.

M&A activity from Japan to Australia – forces behind the trends

Attractive market for business

Australia is now recognised as an attractive market for Japan due to its growing population (currently 1.5% growth per annum, 2nd in the G20). Stability in the legal and financial systems (ranked by the World Bank as 4th in the world in the ease of getting credit and ranking 6th in the world in ease of enforcing contracts) has contributed to the long history of strong political and business relations between the two nations.

Japanese investment is welcomed and the Foreign Investment Review Board has not publicly rejected a foreign investment application from a Japanese investor in the last 25 years. These factors offer a comparatively comfortable risk-return trade-off for Japanese investors.

Historically low interest rates and the recent weakening of the Australian dollar against the Japanese Yen have made Australian assets relatively more attractive.

Market Structure

Australia's relatively small population in comparison to its vast size has resulted in a market with many oligopolies. This has created significant barriers to entry for new companies to establish successful businesses. Acquisitions of leading companies in highly consolidated industries providing a stable investment return with long-term steady growth prospects are particularly attractive for Japanese investors.

Pressure from within Japan

As negative interest rates and the ageing and declining population in Japan continue to drive outbound investment, Japanese corporations are looking for growth in faster-growing regions. The introduction of the Japanese Stewardship Code in 2014 (revised in 2017) as part of the *Abenomics* reforms, the more active involvement of non-executive directors and rise of activist investors have added impetus to improve profitability and capital efficiency. The mid-term plans of many corporations include significant growth targets in sales and profit from overseas operations. These targets cannot be achieved through organic growth only and therefore acquisitions are needed.

Cash Reserves and Availability of Finance

Japanese corporations currently have record levels of cash on their balance sheets having spent 25 years after the bursting of the Japanese Bubble in 1992 paying down debt. This is coupled with the availability of low-interest loans from Japanese banks who are actively looking to support their customers as they expand overseas.

The relative strengthening of the Japanese yen has also been helpful to support investment.

Exit of founders

Japanese investors are attractive buyers for family businesses looking to sell as the founder retires or the business has become capital-constrained but wants to maintain the company's identity and culture and ensure that employees are retained.

Japanese buyers are sought to act as a custodian of the target business and build on their existing legacies. An example is Gold Coast-based independent brewer Balter Brewing Company, recently sold to CUB (to be acquired by **Asahi**). The deal is understood to be conditional on ensuring all founders, staff and recipes are guaranteed to be retained for the next five years.

Increased confidence in post-merger integration

Many major Japanese-owned Australian businesses continue to be run by local Australian management post-merger, such as Bradken (**Hitachi Construction Machinery**), DuluxGroup (**Nippon Paint**), Toll (**Japan Post**), Lion (**Kirin Holdings**), Schweppes (**Asahi Group**), MLC (**Nippon Life**), TAL (**Dai-ichi Life**), **Fuji Xerox Businessforce** (previously the Business Process Outsourcing division of ASX-listed Salmat), Chandler MacLeod (**Recruit**), Programmed Maintenance Services (**Persol**) and Spicers (**Kokusai Pulp & Paper**).

Bridgestone also acquired Lube Mobile in 2019, which will continue to operate under its own name and brand and as an independent business unit of Bridgestone post-completion. Similarly, Huon IT, acquired by **KYOCERA**, will continue to be operated by its current management team and employees post-completion. Immersive Technologies, acquired by **Komatsu**, will operate as an independently managed subsidiary with the resources of Komatsu at its disposal.

Japanese corporates are leveraging the benefits of the existing business as part of a diversified global network rather than fully integrating with head office. This approach is consistent with participating in the domestic Australian market and understanding local market conditions.

Japanese companies are also laterally hiring more senior executives with international experience and English language proficiency. Tokyo Stock Exchange listed companies Kirin, Sega Sammi and Arakawa Chemical Industries have each appointed Australians as non-executive board directors.

A reflection on the 2019 trends identified

Before making our predictions for 2020 and beyond, we reflect on the trends we identified in our 2019 article.

More listed transactions

Takeovers and other investments in ASX-listed companies continued to grow, as Japanese investors became familiar with takeovers in Australia being negotiable through a 'friendly' scheme of arrangement agreed with the board of the target (as opposed to a takeover in which an offer is made to individual shareholders).

In 2017-2018, there were 4 takeovers of ASX-listed companies:

- **Persol Holdings'** acquisition of Programmed Maintenance Services;
- **Hitachi Construction's** acquisition of Bradken;
- **Nomura Research Institute's** subsidiary **ASG's** acquisition of SMS Management and Technology; and
- **Mitsui's** acquisition of AWE.

In 2019, 4 ASX-listed takeovers were announced:

- **Kokusai Pulp & Paper's** acquisition of Spicers;
- **Nippon Paint's** acquisition of DuluxGroup;
- **Sumitomo Dainippon Pharma's** acquisition of Cynata Therapeutics (did not proceed); and
- **Fuji Xerox's** acquisition of CSG.

The 3 completed takeovers were all by way of a scheme of arrangement.

New technology

The new technology landscape was identified as an early stage investment opportunity for Japanese corporate venture capital.

Although Australia did not see any material venture capital investments from Japan, there were two technology deals to note:

- **KYOCERA's** acquisition of Huon IT, an Australia-based company engaged in providing IT services, solutions, infrastructure and security to professional businesses; and
- **Trend Micro's** acquisition of Cloud Conformity, the Australia-based company specialising in public cloud infrastructure security and compliance monitoring.

Hitachi also announced its intention to establish a "Kyōsō Centre (collaborative creation centre)", within the Western Sydney Aerotropolis to accelerate business innovation through an open innovation model.

We suspect any M&A activity involving early stage investments into Australian start-ups may not have been large enough to warrant public announcements, making it harder to determine if this trend is starting to materialise.

Major infrastructure

Infrastructure projects across Australia attracted strong interest from Japanese corporations in a wide range of sectors (power, water, rail, road, hospitals) and roles (sponsor, constructor, equipment supplier and financier).

Although no major infrastructure acquisitions were identified in 2019, **Mitsubishi Heavy Industries**, **Sumitomo Mitsui Financial Group**, **Urban Renaissance Agency** and **Hitachi** each signed MOUs with the NSW Government across 2018 and 2019 in relation to the Western Sydney Aerotropolis project, suggesting that more major infrastructure projects in Australia will be targets for Japanese investment.

Australian State Governments are now travelling to Japan as part of infrastructure road shows to directly pitch to Japanese investors in areas such as rolling stock projects, privatisations and PPPs to take advantage of the continuing infrastructure boom.

Asset recycling

MM Capital Partners (which is itself owned 90% by **Marubeni Corporation**, 5% by **Mizuho Bank** and 5% by **Asset Management One**) acquired seed assets from **Marubeni Corporation** through **MM Capital Infrastructure Fund 1**, including:

- 49.9% of the shares in **Energy Infrastructure Investments** (various gas and power assets with government or well established substantial mining and energy companies);
- 20% interest in the Sydney Metro Northwest Rail Project; and
- 30% interest in the Gold Coast Light Rail.

Further asset recycling was evident in 2019, and it is expected that trading houses' interest in more environmentally friendly resources and renewable energies will influence on-going asset disposals and new investments in 2020 and beyond. Key transactions include:

- **Mitsubishi Corporation's** sale of Crosslands Resources to Sinosteel Ocean Capital; and
- **ITOCHU's** sale of its 12.5% interest in the Rolleston Coal Mine in the Bowen Basin to Winfield Energy.

Kirin, through its subsidiary **Lion** has also had an active year, with the sale of its non-core Australian assets:

- specialty cheese business to Saputo; and
- dairy & drinks business to China Mengniu Dairy Company.¹

¹ Subject to regulatory approvals.

Life insurance and wealth management

A continued interest in the Australian market was apparent in the wealth management sector and the insurance sector more generally:

- **Mitsubishi UFJ Trust and Banking Corporation** (a subsidiary of MUFG) completed its acquisition of the global asset management business of Colonial First State Global Asset Management from Australian financial group Commonwealth Bank of Australia's Colonial First State Group Limited; and
- **Tokio Marine** acquired underwriting agencies Accident and Health International Underwriting from Insurance Australia Group and Bond and Credit Company.

Housing and commercial property

We expect more Japanese investment in the housing and commercial property sector to expand the geographical coverage of Japanese corporations with an existing presence in the market as well as one or two new entrants.

In 2019, **Sumitomo Forestry** acquired a 51% shareholding in Scott Park Group, a company that operates a custom-built housing business in Western Australia. Four of the five leading Japanese housing corporations (**Sekisui House**, **Daiwa House**, **Asahi Kasei** and **Sumitomo Forestry**) have established substantial businesses and are likely to be looking for further growth opportunities.

Migration effect/vertical integration

Last year, we identified a 'migration' effect of suppliers of goods and services to Japanese businesses following their business partners to Australia to maintain their relationships and look for growth opportunities.

Nippon Paper Industries' acquisition of Orora's Australasian fibre business was a significant acquisition in 2019 which highlights its intention to participate vertically in the paper, packaging and fibre market in Australia and New Zealand.

To support some of the recent trends described above, we also anticipate further migration in industries such as logistics, housing materials and automated mining equipment.

Retail benefits from Asian tourism

We expected premium brands such as **Fast Retailing (UNIQLO)** and **Ryohin Keikaku (MUJI)** to benefit from growing inbound tourism from the Asia region which recognise "made in Japan" quality. **UNIQLO** opened 6 of their 22 stores in Australia in 2019 and reported a significant growth in sales despite strong retail headwinds and high profile insolvencies in the Australian retail sector.

Energy & Resources

There was continued investment into coal and gold projects (which dominated mining M&A in Australia, underpinned by strong prices) including:

- **Marubeni** and Glencore's acquisition of an additional 8% interest in the Hail Creek Coal Joint Venture (hard coking and thermal coal) from **Nippon Steel**;
- **Sumitomo Corporation** agreed to acquire up to a 40% interest in the Egina Gold project of TSX-Novo Resources Corporation;
- **Japan Oil, Gas and Metals National Corporation (JOGMEC)** signed a Farm-in and Joint Venture Agreement with Hammer Metals in relation to its Mount Isa copper-gold project in Queensland, agreeing to spend A\$6 million on exploration to lock-in a 60% interest; and
- **Nippon Steel, Mitsui, Shinsho, Nippon Steel Trading and JFE Mineral** together acquired a 12% interest in the Grosvenor coal mine (metallurgical coal) from Anglo American.

Areas such as green technology and battery technology that are adjacent to the traditional mining sector, and which are more attractive from an Environmental, Social and Governance (**ESG**) perspective, are likely to be a focus in 2020. With confidence gained from their experience in the first-wave of investments for resource security, Japanese investors may be willing to take on bigger risks to secure supply in this transitional phase to greener energy.

Real estate

There were two new investments in existing commercial properties:

- **International University of Health and Welfare**, a Japan-based university, acquiring Woodroffe Hotel, the 103-room hotel in Southport, Gold Coast, with the intention of housing exchange students; and
- **NTT Urban Development** acquiring 50% interest in the 121 Marcus Clarke Street office building in Canberra from MTAA Super.

Sekisui House and Frasers Property (as joint venture partners) sold three assets in Sydney's Central Park development, comprising Central Park Mall, DUO Retail and Park Lane Retail to a real estate fund.

2020 and beyond

Increased appetite for bigger/complex deals

An analysis of the transactions with disclosed consideration across the last three years presents a clear trend of deals increasing in value:

Value Range (A\$ million)	2017 Deal Count (% in proportion)	2018 Deal Count (% in proportion)	2019 Deal Count (% in proportion)
0-25	7 (33%)	8 (30%)	4 (20%)
25-100	5 (24%)	4 (15%)	3 (15%)
100-500	6 (29%)	8 (30%)	7 (35%)
500+	3 (14%)	7 (26%)	6 (30%)

Smaller deals within the value ranges of A\$0-\$25 million and A\$25-\$100 million have dropped over the three years, whilst deals within the value range of A\$100-\$500 million have been stable and deals over A\$500 million showed a stable increase in 2018 and 2019.

Japanese investments are unmistakably evolving in size and complexity as illustrated by the mega-deals by **Asahi**, **MUFG**, **Nippon Paper**, **Nippon Paint** and **Sumitomo Chemical**.

This can be attributed largely to Japanese corporations becoming more comfortable with both:

- publicly listed company M&A – particularly when undertaken through Australia’s unique schemes of arrangement; and
- “spin-off” transactions – requiring complex separation and transitional services being provided by the Seller after completion when a division or business unit is acquired.

As reported in Herbert Smith Freehills’ public M&A report 2019,¹ there was an increase in the number of public M&A deals completed by way of a scheme, from 29 in both FY2017 and FY2018, to 34 in FY2019. Schemes are an ideal method of acquisition for Japanese buyers given their tendency to take time in making decisions. Schemes of arrangement also offer the opportunity for due diligence (which is important for Japanese corporates to support investment decisions), deal certainty with a fixed price, a clear timetable for completion and an “all or nothing” acquisition.² More public M&A deals by Japanese investors, particularly by way of scheme, will come as no surprise given the suitability of the transaction structure.

¹ <https://www.herbertsmithfreehills.com/latest-thinking/australian-public-ma-report-2019>

² If more than 50% of shareholders by number and 75% or more of the votes are in favour of the scheme then 100% of the shares are sold to the bidder.

Increased investments to acquire dominant market positions in Australia

Over the last three years, we have seen increasing acquisitions of Australian targets holding a dominant market position. As Japanese corporations become familiar with larger and more complex acquisitions, Japanese investors are now investing in oligopolistic markets within Australia. In 2018, we saw **TAL Dai-ichi’s** acquisition of Suncorp Life Insurance (TAL now holding the biggest market share in life insurance in Australia at 22.9%) and in 2019:

- **Asahi’s** acquisition of CUB and Green Beacon (holding a 47.7% of market share in beer manufacturing in Australia, whilst Lion, a subsidiary of Kirin, holds 40.9%);
- **Nippon Paint’s** acquisition of DuluxGroup (holding the largest market share in paint and coatings manufacturing in Australia at 30.4%);
- **Kokusai Pulp & Paper’s** acquisition of Spicers (one of the two national paper distributors in Australia and New Zealand) and Direct Paper (the largest regional player in paper distribution);
- **Japan Pulp and Paper’s** acquisition of Ball & Doggett Group (the other national paper distributor in Australia and New Zealand); and
- **Nippon Paper Industries’** acquisition of Orora’s Australasian Fibre Business, which, by way of example, holds the second largest Australian market shares in:
 - corrugated paperboard container manufacturing (20.7%);
 - paper bag and other paper product manufacturing (18.3%); and
 - paperboard container manufacturing (24.5%).

With an increased level of sophistication in M&A structures and understanding of the Australian market, Japanese corporations are predicted to acquire more targets that hold dominant market shares.

Acquisitions to deepen technological skills

In last year's article, we commented that the "new technology" sector would become a focal point of Japanese FDI around the world. 2019 saw a continued focus on acquisitions and other transactions that involved Japanese investors working together with Australian targets with the goal of deepening their technological skills. For example, in recent years, **Komatsu** acquired MineWare (a solutions provider for mining equipment) and **WingArc1st** acquired Space Time Research (a business intelligence and enterprise analytics software provider). This trend continued into 2019, and it will only continue to grow. Examples include:

- **Mitsui's** acquisition of a 20% shareholding in Position Partners, which can allow Position Partners to offer greater value to customers through streamlined technology and support, and aligning with Mitsui's goal for digital transformation to optimise business processes;
- **Komatsu's** acquisition of Immersive Technologies, which specialises in increasing mine profitability by optimising the safety and productivity of equipment operators;
- **KYOCERA's** acquisition of Huon IT, integrating Huon IT's expertise in providing information and communications technology services to KYOCERA's subsidiary Kyocera Document Solutions Australia, in order to strengthen its business in the Australian market and enhance its comprehensive service capabilities; and
- **Sumitomo Corporation's** acquisition of a shareholding interest in Relialytics, a company developing an AI-based predictive maintenance note software package for mining equipment.

Collaboration and Alliances

Non-M&A contractual arrangements between Japanese and Australian corporations, which may lead to future transactions or attract other Japanese investors into these sectors, include:

- **Mitsui** – signing an MOU with Carbon Revolution reflecting a strategic partnership, including opportunities for support with the sourcing of raw material inputs, recycling of carbon fibre, logistics services, coordination of activities with Asian OEM customers including the major Japanese car makers, trade and equipment finance, and industrial automation expertise;

- **Kyushu Electric Power, Osaka Gas and Mitsui OSK** – each signed a Joint Study Agreement with Transborders Energy in relation to Floating LNG technology solutions;
- **Eisai** – entering into a business alliance agreement for exclusive development and commercialisation of a self-assessable cognitive function test developed by Cogstate;
- **Fujifilm** – signing an exclusive licensing agreement with ASX-listed Cynata Therapeutics to obtain worldwide rights to develop, manufacture and market a treatment for graft-versus-host disease (GvHD), a complication that occurs after bone marrow transplants; and
- **J-Power** – signing an MOU with Genex Power to acquire a shareholding of up to 19.9% and provide technical advisory services on the construction of the 250MW Kidston pumped storage hydro project in Queensland and, potentially, operation and maintenance services to the project.

Two-step acquisitions

Although 100% acquisitions are increasing, Japanese buyers still often use a "two-step" acquisition process where there is an agreed pathway to control of 100% ownership often arranged by way of put and call options.

For example, we have seen **Park24** acquire 80% of the shares in Secure Parking in 2017 before acquiring the remaining 20% shareholding in 2018 and **Hitachi Zosen's** acquisition of a 30% shareholding in Osmoflo Holdings in 2017, before acquiring the remaining 70% in 2018. Transactions in 2019 which followed this trend included:

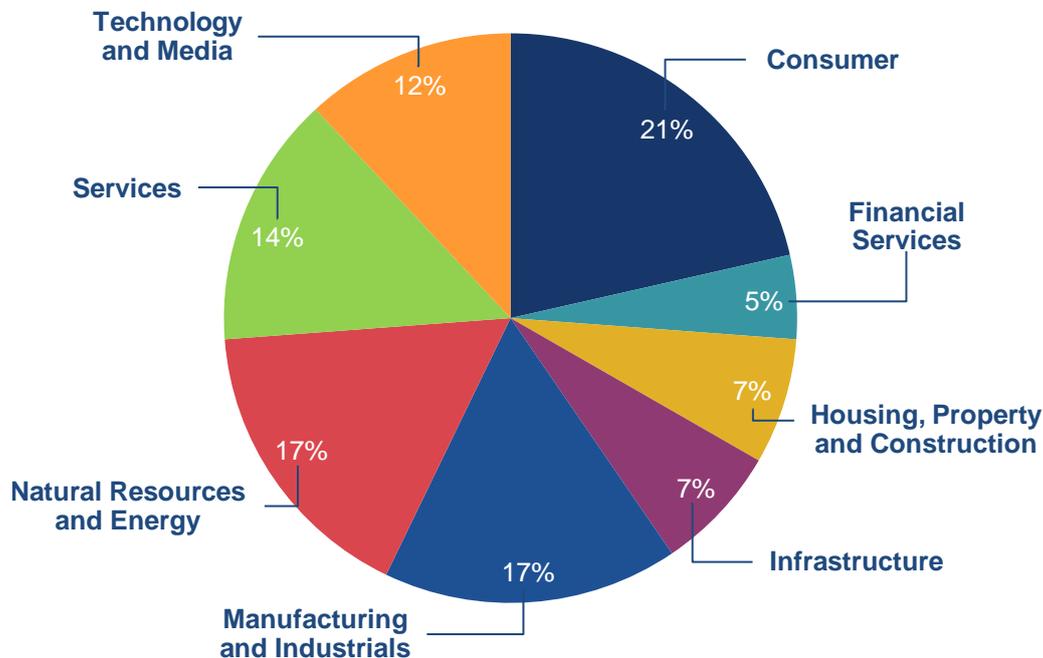
- **Japan Pulp & Paper's** acquisition of the remaining 49% shareholding in Ball & Doggett, after acquiring 51% in 2018; and
- **Aniplex's** acquisition of Madman Entertainment's anime business division after acquiring a 30% shareholding in Madman Entertainment in 2018.

Further "two-step" investments with the intention of acquiring full ownership in the future (or current minority investments becoming majority or complete ownership) are expected to continue in 2020.

Continued investment away from traditional target industries

A continued attraction to new industries was seen in 2019, as illustrated in the graph below showing fairly balanced M&A activity across the sectors. This demonstrates a clear shift away from the traditional target industries of energy, minerals and food supply.

M&A activity by sector in 2019



In addition to the transactions referenced throughout this article, the consumer, manufacturing & industrial and services sectors also remained active in 2019.

Consumer

- **Nisshin Seifun** acquired Allied Pinnacle;
- **SFoods** acquired Monbeef; and
- **Kirin**, through Lion, acquired a 50% shareholding interest in Four Pillars Gin.

Manufacturing & Industrials

- **Sumitomo Corporation** acquired Infinite Energy Holdings, an energy company that develops and sells distributed solar power systems, installs storage batteries, and engages in electricity retailing;
- **Sumitomo Chemical** acquired the South American crop protection and seed treatment business from Nufarm;
- **Daifuku**, a Tokyo-listed material handling company, acquired Intersystems (Asia Pacific), a company that provides airport information management systems, including its world-leading flight information display software; and
- **Development Bank of Japan**, and **Aica Kogyo** acquired the Asia-Pacific units of US high-pressure laminate maker Wilsonart LLC, including Wilsonart Australia.

Services

- **Will Group** acquired a 60% shareholding in human resources firm u&u holdings and u&u NSW, after acquiring a majority share in DFP Recruitment and Ethos BeathChapman in December 2017 and Quay Appointments in 2018; and
- **Outsourcing Inc.** acquired Marble Group and Red Appointments in 2019, after acquiring Jigsaw Talent Management and Project Management Partners in 2018.

Financial Services

The findings of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has resulted in an increase in financial services regulation and consequently costs associated with managing financial services businesses. Although we have seen a steady level of investments in this sector across 2017-2019, we may see a decrease in activity in 2020 due to the additional regulatory hurdles investors face.

Hydrogen

Momentum is building for hydrogen fuel in Japan, with **Kawasaki Heavy Industries** (along with **Electric Power Development Company (J-POWER)**, **Iwatani Corporation**, **Marubeni**, **Sumitomo Corporation** and AGL Energy (owners of Loy Yang A Power Station)) commencing the building works on a pilot project in Latrobe Valley of Victoria to convert brown coal into hydrogen (Hydrogen Energy Supply Chain (**HESC**) project).

Queensland also celebrated the first production and export of green hydrogen derived from water from Australia to Japan, where researchers from Japanese petroleum conglomerate **JXTG** used Queensland University of Technology's solar facilities to extract hydrogen. The Tokyo Olympics, beginning in July 2020, will demonstrate Japan's next-generation technology with Toyota's *Sora* bus, which will be powered by hydrogen fuel cells, and Japan appears keen to support Australia as a significant future hydrogen producer.

In January 2020, Australian and Japanese trade ministers signed a Joint Statement on Cooperation on Hydrogen and Fuel Cells, confirming both countries' intention to cooperate toward dissemination of hydrogen and the success of the HESC project. JETRO and Austrade also signed a new memorandum of understanding of bilateral cooperation to further promote trade and investment between the two countries, with priority fields including agribusiness and food, hydrogen, infrastructure and urban development, life science and healthcare, Japanese and Australian regional cooperation, and start-ups and innovation.

With Australian federal and State government commitment to hydrogen energy, and Japan's ambition to become a leading user of hydrogen, investments into the hydrogen industry are expected to grow.

The rise of ESG

Perhaps the most important trend which is not represented by any one particular deal (but evident in general trends including asset recycling and investments in green technologies and supported by feedback from clients over the past 12 months) is the rapidly growing need for Japanese corporations to demonstrate how they are dealing with environmental, social and governance (ESG) issues.

The spotlight on these three factors has been evident in recent years from policymakers, regulators, financial institutions, consumers and activists in Australia. From an M&A perspective, this means that non-financial factors are increasingly being used to identify investment targets. This trend, which reflects investors' desire to reduce their exposure to certain (generally carbon-intensive) industries, impacts on the scope of due diligence required to be undertaken to justify a proposed transaction.

Environment

Environmental management and climate change have been major social and political issues in Australian society for over 10 years. However, the devastating bushfires in Australia in late 2019 and early 2020 and environmental campaigns around the world (including Australia) have greatly increased the social pressure for immediate action on climate change, including a significant reduction in carbon emissions and the closure of fossil fuel businesses.

Australian Courts are increasingly becoming active in deciding against applications relating to coal mining (both new mines and extensions to existing mines) on the basis of the negative impact on the climate.

Social

Modern slavery reporting and whistle blower protections, which highlight the significance of human capital management, have undergone reforms in Australia, and have become an increased focus for Japanese investors who have previously addressed similar issues in other parts of their international networks.

Industrial manslaughter laws are being enacted in many States, which will further drive occupational health and safety as a key corporate issue.

Governance

Boards are expected to focus on performance, compliance and corporate culture. Reputational risk and liability arising from failures in compliance are becoming increasingly important in M&A transactions.

ESG risk is now being included in the due diligence and post-merger integration processes being undertaken by Japanese corporations in relation to Australian investments.

Herbert Smith Freehills

Herbert Smith Freehills is a leading global law firm bringing together the best people across our 26 offices in Japan, Australia and worldwide, 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' team has more experience advising Japanese businesses on Australian investments than any other law firm.

Herbert Smith Freehills was involved in 28 of the 110 transactions surveyed for this article (more than any other disclosed legal adviser), with an aggregate disclosed deal value of A\$15.02 billion.



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Experience

Ian is a highly experienced M&A and joint venture specialist with a focus on the mining, industrial and infrastructure sectors. Ian was awarded the Japanese Foreign Minister's Commendation in October 2016 for his service to the Japan Australia relationship in business and sport.

Japanese Language Proficiency

Ian holds Japanese Language Proficiency Test N2 certification.



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Experience

Melissa has a particular focus on advising Japanese investors on farm-ins, joint ventures and other equity investments in the energy and resources and infrastructure sectors.

Melissa has worked with a number Japanese corporations during her career and she currently advises Japanese trading houses, power utilities and mining companies on their investments in Australia and associated off take arrangements.



Hiroko Ito
Solicitor, Sydney

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Experience

Hiroko is a finance lawyer who was previously a member of the Tokyo office of Herbert Smith Freehills. She has been working closely with Japanese corporations, including trading houses conducting business in Australia. Hiroko was born in Japan and completed her law degrees in Japan and Sydney.

Japanese Language Proficiency

Hiroko is a native Japanese speaker, and is also proficient in English, French and Russian.



Damien Roberts
Partner, Tokyo

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Experience

Damien is a leading Japan-based expert for Australian Corporate / M&A work, particularly in the infrastructure, resources and consumer sectors. He is a Registered Foreign Attorney and has been based in Tokyo since 2011.

Japanese Language Proficiency

Damien holds 日本語能力試験一級 Japanese Language Proficiency Test N1 certification and is a NAATI-accredited interpreter.



Natalie McDowell
Senior Associate, Sydney

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Experience

Natalie advises Japanese clients primarily based in the energy, resources and infrastructure sectors on M&A, joint ventures and project development issues.

Japanese Language Proficiency

Natalie is proficient in spoken and written Japanese and has held 日本語能力試験一級 certification for over a decade.



Tatsuki Shiratsuchi
Solicitor, Brisbane

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Experience

Tatsuki is an Australian-born and educated solicitor who has worked on cross-border transactions and mergers and acquisitions both for private and public companies. He has experience assisting Japanese trading houses, TYO-listed public companies and has advised Australian companies negotiating with Japanese counterparties.

Japanese Language Proficiency

Tatsuki is fluent in Japanese.

Appendix

Details of transactions surveyed

2019

Buyer	Target/Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced / Completed
MM Capital Partners Co., Ltd.	Marubeni Corporation	MM Capital Infrastructure Fund 1, operated and managed by MM Capital Partners acquired a 30% interest in the Gold Coast Light Rail.	Undisclosed	Infrastructure	Announced 07-Jan-20 (Completed 27-Dec-19)
Sumitomo Corporation	Relialytics	Sumitomo Corporation agreed to acquire a shareholding in Relialytics.	Undisclosed	Technology and Media	Announced 25 Dec-19
Sumitomo Forestry	Scott Park Group	Sumitomo Forestry agreed to acquire a 51% shareholding in the Scott Park Group.	Undisclosed	Housing, Property and Construction	Announced 20-Dec-19
Nippon Steel, Mitsui & Co, Shinsho, Nippon Steel Trading Corp and JFE Mineral	Anglo American	Anglo American agreed to sell a 12% interest in the Grosvenor coal mine to a consortium of Nippon Steel, Mitsui, Shinsho Corp, Nippon Steel Trading Corp and JFE Mineral.	208	Natural resources and energy	Announced 27-Nov-19
Kokusai Pulp & Paper / Spicers	Direct Paper	Kokusai Pulp & Paper through its subsidiary Spicers Limited, agreed to acquire Direct Paper.	Undisclosed	Manufacturing and Industrials	Announced 27-Nov-19
Japan Oil, Gas and Metals National Corporation (JOGMEC)	Hammer Metals Limited	Japan Oil, Gas and Metals National Corporation (JOGMEC) has the right to earn up to a 60% interest in Hammer Metals' Mount Isa copper-gold project in Queensland after agreeing to spend \$6 million on exploration.	6	Natural resources and energy	Announced 25-Nov-19
China Mengniu Dairy Company	Kirin / Lion	China Mengniu Dairy Company agreed to buy Lion's dairy & drinks business.	600	Consumer	Announced 25-Nov-19

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Buyer	Target/Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced / Completed
Outsourcing Inc.	Red Appointments Pty Ltd	Outsourcing Inc. acquired Red Appointments Pty Ltd, the Australia based HR consultancy, Labour Hire agency, recruitment company, and employment agency.	Undisclosed	Services	Announced 1-Nov-19 (Completed 1-Nov-19)
Development Bank of Japan and Aica Kogyo*	Wilsonart Australia Pty Ltd	Aica Kogyo and Development Bank of Japan will acquire four Asia-Pacific units of major U.S. high-pressure laminate maker Wilsonart LLC, including Wilsonart Australia Pty Ltd.	217.30	Manufacturing and Industrials	Announced 31-Oct-19 (Completed 30-Dec-19)
MM Capital Partners Co., Ltd.	Marubeni Corporation	MM Capital Infrastructure Fund 1, operated and managed by MM Capital Partners acquired a 20% interest in the Sydney Metro Northwest Rail Project), from Marubeni Corporation.	Undisclosed	Infrastructure	Announced 31-Oct-19 (Completed 23-Oct-19)
Fuji Xerox Co., Ltd.	CSG Limited	Fuji Xerox to acquire ASX-listed CSG Limited through a scheme of arrangement.	139.27	Technology and Media	Announced 24-Oct-19 (Completed 5-Feb-20)
Trend Micro Incorporated*	Cloud Conformity Inc.	Trend Micro agreed to acquire Cloud Conformity.	101.94	Technology and Media	Announced 21-Oct-19 (Completed 21-Oct-19)
Fortius Funds Management and SC Capital Partners Group	Frasers Property Australia and Sekisui House Australia	Frasers Property Australia (a Singaporean Company) and Sekisui House Australia as joint partners agreed to sell the remaining three retail assets in Sydney's Central Park development, to a consortium comprising Fortius Funds Management and SC Capital Partners Group.	174.50	Housing, Property and Construction	Announced 10-Oct-19
Nippon Paper Industries Co., Ltd.	Orora Limited (Australasian Fibre Business)	Nippon Paper Industries agreed to acquire the Australasian Fibre Business of ASX-listed Orora Limited.	1720	Manufacturing and Industrials	Announced 10-Oct-19
Sinosteel Ocean Capital Pty Ltd	Crosslands Resources Pty Ltd	Mitsubishi through its subsidiary Mitsubishi Development agreed to sell Crosslands Resources Pty Ltd to Sinosteel Ocean Capital Pty Ltd.	Undisclosed	Natural resources and energy	Announced 1-Oct-19
Sumitomo Chemical Co., Ltd	Nufarm Limited	Sumitomo Chemical acquired the South American crop protection and seed treatment operations from Nufarm Limited	1200	Manufacturing and Industrials	Announced 30-Sep-19

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Buyer	Target/Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced / Completed
Asahi Holdings Australia	Green Beacon Brewing	Asahi Holdings Australia agreed to acquire Green Beacon Brewery.	Undisclosed	Consumer	Announced 21-Aug-19
Daifuku Co., Ltd*	Intersystems (Asia Pacific) Pty Limited	Daifuku agreed to acquire Scarabee Aviation Group B.V (Netherlands) and Intersystems (Asia Pacific) Pty Limited (Australia).	Undisclosed	Manufacturing and Industrials	Announced 8-Aug-19
Bridgestone Corporation	Lube Mobile Pty Ltd	Bridgestone agreed to acquire Lube Mobile.	Undisclosed	Services	Announced 01-Aug-19
Asahi Group Holdings, Ltd.	CUB Pty Ltd	Asahi Group Holdings agreed to acquire CUB from Anheuser-Busch InBev NV.	16000	Consumer	Announced 03-Jul-19 (Completed 03-Jul-19)
KYOCERA Document Solutions Inc.*	Huon IT Pty Ltd	KYOCERA Document Solutions acquired Huon IT.	Undisclosed	Technology and Media	Announced 03-Jul-19 (Completed 03-Jul-19)
Tokio Marine Holdings, Inc.	Accident and Health International Underwriting Pty Ltd	Tokio Marine Holdings acquired Accident and Health International Underwriting from CGU Insurance Limited.	Undisclosed	Financial Services	Announced 01-Jul-19 (Completed 01-Jul-19)
International University of Health and Welfare*	Woodroffe Hotel	International University of Health and Welfare acquired Woodroffe Hotel.	19.20	Consumer	Announced 26-Jun-19 (Completed 28-Jun-19)
Komatsu Ltd.	Immersive Technologies Pty Ltd	Komatsu agreed to acquire Immersive Technologies.	Undisclosed	Services	Announced 14-Jun-19
Outsourcing Inc.	Marble Group Pty Ltd	Outsourcing acquired Marble Group.	25	Services	Announced 07-Jun-19 (Completed 07-Jun-19)

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Buyer	Target/Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced / Completed
Sumitomo Corporation	Novo Resources Corporation	Sumitomo agreed to acquire up to a 40% interest in Egina Gold project of Novo Resources Corporation.	42.94	Natural resources and energy	Announced 07-Jun-19
MM Capital Partners Co., Ltd.*	Energy Infrastructure Investments Pty Limited	MM Capital Infrastructure Fund 1, operated and managed by MM Capital Partners acquired 49.9% of the shares in Energy Infrastructure Investments from Marubeni Corporation.	Undisclosed	Infrastructure	Announced 29-May-19 (Completed 27-Mar-19)
Saputo Inc.	Kirin / Lion	Saputo through its subsidiary Saputo Dairy Australia, acquired the specialty cheese business of Lion.	280	Consumer	Announced 26-Apr-19 (Completed 27-Oct-19)
Nippon Paint Holdings Co., Ltd.*	DuluxGroup Limited	Nippon Paint Holdings acquired ASX-listed DuluxGroup .	4203.13	Consumer	Announced 17-Apr-19 (Completed 6-Aug-19)
Japan Pulp & Paper Co., Ltd.	Ball & Doggett Group Pty Ltd	Japan Pulp & Paper acquired the remaining 49% shareholding in Ball & Doggett Group .	103.98	Manufacturing and Industrials	Announced 24-Mar-19 (Completed 24-Apr-19)
NTT Urban Development Corporation*	MTA Australia Superannuation Fund Pty. Limited	NTT Urban Development agreed to acquire a 50% interest in 121 Marcus Clarke Street in Canberra from MTAA Super.	Undisclosed	Housing, Property and Construction	Announced 11-Apr-19
Tokio Marine Management (Australasia) Pty. Ltd.	Bond and Credit Company Pty Limited	Tokio Marine Management (Australasia), a subsidiary of Tokio Marine & Nichido Fire Insurance , agreed to acquire Bond and Credit Company .	Undisclosed	Financial Services	Announced 9-Apr-19 (Completed 9-Apr-19)
Kirin / Lion	Four Pillars Gin	Lion agreed to acquire a 50% shareholding in Four Pillars Gin .	Undisclosed	Consumer	Announced 22-Mar-19
Will Group	u&u Holdings and u&u NSW	Will Group agreed to acquire a 60% shareholding in HR firm u&u Holdings and u&u NSW .	20	Services	Announced 18-Mar-19

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Buyer	Target/Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced / Completed
SFoods Inc.*	Monbeef Pty Ltd	SFoods acquired Monbeef from Mr. Frank Ripzsam and Dorahy Family.	Undisclosed	Consumer	Announced 3-Mar-19 (Completed 3-Mar-19)
Nisshin Seifun Group Inc.*	Allied Pinnacle Pty Limited	Nisshin Seifun agreed to acquire Allied Pinnacle through the acquisition of its holding company PFG Topco1 from Pacific Equity Partners.	574	Consumer	Announced 27-Feb-19 (Completed 1-Apr-19)
Mitsui & Co., Ltd	Position Partners Pty Ltd.	Mitsui acquired a 20% shareholding in Position Partners.	Undisclosed	Services	Announced 19-Feb-19 (Completed 22-Jan-19)
Winfield Energy Pty Ltd	ICR Australia Pty Ltd and ICRA Rolleston Pty Ltd	Winfield Energy agreed to acquire 12.5% interest in the Rolleston Mine via the 100% acquisition of ICR Australia Pty Ltd and ICRA Rolleston Pty Ltd from ITOCHU.	Undisclosed	Natural resources and energy	Announced 14-Feb-19
Aniplex Inc.	Madman Entertainment Pty. Ltd. (anime business division)	Aniplex acquired the anime business division of Madman Entertainment.	35	Technology and Media	Announced 6-Feb-19 (Completed 6-Feb-19)
Summit Southern Cross Power Holdings Pty Ltd	Infinite Energy Holdings Pty Ltd.	Sumitomo Corporation, through its wholly-owned subsidiary Summit Southern Cross Power Holdings, acquired Infinite Energy Holdings.	Undisclosed	Manufacturing and Industrials	Announced 24-Jan-19 (Completed 24-Jan-19)
Kokusai Pulp & Paper Co., Ltd.	Spicers Limited	Kokusai Pulp & Paper acquired ASX-listed Spicers Limited by way of scheme of arrangement.	88.45	Manufacturing and Industrials	Announced 17-Jan-19 (Completed 3-Jul-19)
Marubeni Corporation and Glencore Plc;	Nippon Steel	Glencore Plc and Marubeni Corporation agreed to acquire an additional 8% interest in the Hail Creek Coal Joint Venture from Nippon Steel.	Undisclosed	Natural resources and energy	Announced 1-Jan-19

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2018

Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
GS Coal Pty Ltd, Glencore Coal Pty Ltd	Mitsubishi Development Pty Ltd	GS Coal and Glencore acquired a 31.4% interest in Clermont Coal Mine and a 10% interest in Ulan Coal Mine from Mitsubishi Development .	750	Natural resources and energy	Announced 18-Dec-18
Fujitsu General Ltd	Precise Air Group (Holdings) Pty Ltd	Fujitsu General , a Japan-based manufacturer of air conditioner and surveillance cameras, acquired Australia-based air conditioning company Precise Air Group .	Undisclosed	Industrials	Announced 12-Dec-18 (Completed 12-Dec-18)
New Hope Corporation Ltd	Mitsui & Co., Ltd.	New Hope Corporation agreed to acquire Mitsui's 10% interest in the Bengalla Joint Venture .	215	Natural resources and energy	Announced 26-Nov-18 (Completed 25-Mar-19)
Misawa Homes Co., Ltd*	Homecorp Constructions Pty Ltd	Misawa Homes , a listed Japan-based company (part of the Toyota Motors Group) engaged in manufacturing housing materials, agreed to acquire a 51% shareholding in Homecorp Constructions , an Australia-based residential builder.	Undisclosed	Construction	Announced 2-Nov-18 (Completed 14-Nov-18)
Mitsubishi UFJ Trust and Banking Corporation	Colonial First State Global Asset Management	Mitsubishi UFJ Trust and Banking Corporation , a subsidiary of MUFG , acquired shares of nine subsidiaries of Colonial First State Group Limited , which collectively represent the global asset management business of Colonial First State Global Asset Management from Australian financial group Commonwealth Bank of Australia and its wholly-owned subsidiary Colonial First State Group Limited.	4200	Financial Services	Announced 31-Oct-18 (Completed 2-Aug-19)
Autobacs Seven Co., Ltd.*	David Winder Family	AB7 , a listed Japanese automotive products retailer, acquired a 70% shareholding in Audioextra International Pty Ltd , a car electronics manufacturer and wholesaler.	Undisclosed	Consumer (Retail)	Announced 29-Oct-18 (Completed 31-Oct-18)
Eneco Holdings, Inc.*	Refresh Group Limited	Eneco Holdings, Inc. , a Japan-based company engaged in fuel and gas technology business, agreed to acquire a 47.32% shareholding in Refresh Group Limited , an Australian-based company engaged in the distribution of bottled water, coolers and filtration systems.	6	Consumer (Other)	Announced 22-Oct-18 (Completed 31-Oct-18)

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Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
Press Metal Bintulu Sdn. Bhd.	ITOCHU Minerals & Energy of Australia Pty Ltd	Press Metal purchased a 50% shareholding in Japan Alumina Associates (Australia) Pty Ltd from ITOCHU Minerals & Energy of Australia .	250	Industrials	Announced 17-Oct-18 (Completed 28-Feb-19)
IDOM Inc.	Australia-based operators of automotive dealerships	IDOM , a listed Japan-based company engaged in second-hand vehicles trading, acquired a group of Australia-based operators of automotive dealerships.	60.78	Consumer (Retail)	Announced 1-Oct-18 (Completed 1-Oct-18)
Will Group, Inc.	Australia-based private investors	Will Group , a listed Japan-based holding company of subsidiaries engaged in staffing and human resources introduction, agreed to acquire Quay Appointments , an Australia-based recruitment and temporary staff services company, through its Australian subsidiary, Ethos Beathchapman Australia Pty Ltd, from two Australia-based private investors.	13.03	Professional services	Announced 19-Sep-18 (Completed 5-Apr-19)
TAL Dai-ichi Life Australia Pty Ltd	Suncorp Group Ltd	Suncorp Group announced it would be selling its insurance arm, Suncorp Life & Superannuation Ltd, to TAL Dai-ichi Life Australia .	725	Financial Services	Announced 4-Sep-18 (Completed 28-Feb-19)
Outsourcing Inc.	Init Investments Pty Ltd; other private investors	Outsourcing Inc. agreed to acquire Project Management Partners , an Australia-based provider of management consulting services, from Init Investments Pty Ltd.	41.42	Professional services	Announced 31-Aug-18 (Completed 3-Sep-18)
Hitachi Zosen	Marubeni Corporation	Hitachi Zosen announced it would acquire the remaining 30% of shares in Osmoflo Holdings , a global desalination and water treatment subsidiary based in Australia, from Marubeni Corporation .	Undisclosed	Industrials	Announced 21-Aug-18 (Completed 21-Aug-18)
Daibiru Corporation*	John Holland	Daibiru Corporation acquired Sydney's 275 George Street office tower , a commercial development property, from John Holland.	240	Real estate	Announced 14-Aug-18
Fuji Oil Holdings Inc.*	Industrial Food Services Pty Ltd	Fuji Oil Holdings , a listed Japan-based company which operates subsidiaries engaged in oil and fat, confectionery and soy protein processing businesses, acquired Industrial Food Services , an Australia-based manufacturer of chocolate and cocoa products.	Undisclosed	Consumer (Foods)	Announced 5-Jul-18 (Completed 5-Jul-18)

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Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
Nishio Rent All Co., Ltd	Flinn Holdings Pty Ltd	Nishio Rent All , a listed Japan-based company engaged in the leasing of urban and suburban construction equipment, acquired a 90% shareholding in Rathorn Pty Ltd , an Australia-based fork lift sales and rental company, through its subsidiary North Fork Pty Ltd, from Flinn Holdings Pty Ltd.	8.263	Financial Services	Announced 2-Jul-18 (Completed 2-Jul-18)
Park24 Co., Ltd.	Secure Parking Pty Ltd	Park24 , a listed Japan-based parking facility operator, agreed to acquire the remaining 20% of shares in Secure Parking from Orion Development No 2.	47.1	Professional services	Announced 20-Jun-18 (Completed 2-Jul-18)
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Insurance Australia Group	Insurance Australia Group, a listed Australia-based insurance company, agreed to sell 98.6% of Thailand-based Safety Insurance, 80% of Indonesia-based PT Asuransi Parolamas , and 73.07% shareholding in Vietnam-based AAA Assurance Corporation , to Tokio Marine .	525	Financial Services	Announced 19-Jun-18 (Completed 31-Aug-18)
Daido Life Insurance Company*	Integrity Life Australia Ltd	Daido Life Insurance Company agreed to acquire a 14.9% shareholding in Integrity Life Australia Ltd .	13	Financial Services	Announced 5-Jun-18 (Completed 30-Jun-18)
Sojitz Corporation	Mitsubishi Corporation; BHP Billiton	Sojitz reached an agreement with BHP and Mitsubishi to acquire a 100% interest in the Gregory Crinum coking coal mine , which is currently owned 50-50 split by BHP and Mitsubishi Corporation.	100	Natural resources and energy	Announced 30-May-18 (Completed 27-Mar-19)
MS&AD Insurance Group Holdings, Inc.	Commonwealth Bank of Australia	MS&AD Insurance , through its subsidiary Mitsui Sumitomo Insurance Company Ltd, agreed to acquire a 37.5% shareholding in BoComm Life Insurance Company Limited from Colonial Mutual Life Assurance Society Ltd, a subsidiary of Commonwealth Bank of Australia.	897.95	Financial Services	Announced 23-May-18
Nippon Suisan Kaisha, Ltd*	Seafarms Group Ltd	Nissui announced its agreement to acquire a 14.99% shareholding in Seafarms , a listed Australia-based aquaculture company engaged in producing seafood.	24.99	Consumer (Foods)	Announced 22-May-18 (Completed 7-Aug-18)
Whitehaven Coal Limited	Idemitsu Kosan Co., Ltd.	Idemitsu's sale of its 30% interest in the Tarrawonga Mine to Whitehaven Coal Limited.	Undisclosed	Natural resources and energy	Announced 15-May-18 (Completed 9-Mar-18)

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Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
LIFULL Co., Ltd*	Mitula Group Limited	LIFULL, a Japan-based company engaged in the operation of a real-estate information portal site, acquired Mitula Group , a digital classifieds group operating classifieds vertical search and portals sites.	179.7641	Internet / ecommerce	Announced 9-May-18 (Completed 8-Jan-19)
Mitsui & Co, Ltd	BHP Billiton Ltd	Mitsui, together with AWE and Cooper Energy (listed Australia-based energy and oil companies) agreed to acquire a 90% shareholding in the Minerva Gas Plant located in Victoria, from BHP Billiton.	Undisclosed	Natural resources and energy	Announced 1-May-18 (Completed 31-Dec-18)
Idemitsu Kosan Co., Ltd	Trinity Petroleum Services Pty Ltd	Idemitsu Kosan , through its wholly owned subsidiary Freedom Energy Holdings Pty Ltd, acquired Trinity Petroleum Services , an Australia-based petroleum products distributor.	Undisclosed	Utilities	Announced 9-Mar-18 (Completed 9-Mar-18)
Bunka Shutter Co., Ltd*	ArcPac Garage Doors Pty Ltd	Bunka Shutter's acquisition of ArcPac Garage Doors Pty Ltd .	65.08	Construction	Announced 22-Feb-18 (Completed 1-Mar-18)
Outsourcing Inc.	Jigsaw Talent Management	Outsourcing Inc. , a listed Japan-based recruitment company acquired Jigsaw Talent Management , an Australia-based procurement and supply chain recruitment services company.	Undisclosed	Professional services	Announced 7-Feb-18 (Completed 7-Feb-18)
Mitsui & Co., Ltd.	AWE Limited	Mitsui acquired 100% of the shares in ASX-listed AWE Limited .	602	Natural resources and energy	Announced 5-Feb-18 (Completed 2-May-18)
Gold Road Resources Ltd	Sumitomo Metal Mining Oceania Pty Ltd	Gold Road Resources, through its wholly-owned subsidiary, Gold Road (South Yamarna) Pty Ltd, agreed to acquire a 50% interest in the South Yamarna Project from Sumitomo Metal Mining Oceania .	7	Natural resources and energy	Announced 5-Feb-18 (Completed 4-May18)
Toyota Tsusho Corporation	Orocobre Limited	Toyota acquired a 15% shareholding in Orocobre Limited under a private placement and an accelerated entitlement offering.	292	Natural resources and energy	Announced 16-Jan-18 (Completed 28-Feb-18)
Alinta Energy Pty Ltd	Engie SA and Mitsui & Co., Ltd.	Mitsui and Engie's sale of its Loy Yang B Power Station to Alinta Energy. Alinta purchased the total 100% interest for the power station, of which Mitsui owned 30%.	1100	Natural resources and energy	Announced 15-Jan-18

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2017

Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
Aniplex Inc.*	Madman Entertainment Pty Ltd	Japan-based anime and music production company (subsidiary of Sony Music Entertainment (Japan)) Aniplex Inc.'s acquisition of a 30% shareholding in Madman Entertainment .	10.5	Media & Communications	Announced 17-Feb-18 (Completed 15-Nov-17)
Will Group. Inc.*	Briarfield Pty. Ltd.; van Strokom Hill Pty. Ltd. and a private investor	Will Group's Singapore based subsidiary WILL Group Asia Pacific Pte. Ltd.'s acquisition of 60% of DFP Recruitment from Australian sellers.	14.34	Professional services	Announced 19-Dec-17 (Completed 5-Jan-18)
Mimaki Engineering Co., Ltd.*	Rimslow Global Pty Ltd	Mimaki's acquisition of Rimslow Global Pty Ltd .	Undisclosed	Industrials	Announced 1-Dec-17
Daiwa House Industry*	Rawson Group	Daiwa House's acquisition of Rawson Group .	413	Housing	Announced 28-Nov-17 (Completed 14-Feb-18)
GIKEN LTD.*	J Steel Group Pty Limited	GIKEN LTD's acquisition of a 50.10% shareholding in J Steel Group Pty Limited .	11.02	Construction	Announced 27-Nov-17 (Completed 13-Dec-17)
Sumitomo Chemical Australia	Botanical Resources Australia	Sumitomo Chemical's 82.9% acquisition of Botanical Resources Australia .	177.09	Chemicals	Announced 22-Nov-17 (Completed 22-Nov-17)
ZE Holdings Inc.*	Sydney College of English Pty Ltd and Australian Collect of Business Pty Ltd	ZE Holdings acquisition of 100% of each of Sydney College of English Pty Ltd and Australian Collect of Business Pty Ltd .	Undisclosed	Education	Announced 1-Nov-17
Mitsui and BHP Billiton	Peabody Energy Corporation	BHP Billiton and Mitsui's acquisition of a 50% shareholding in the Red Mountain Joint Venture from Peabody Energy Corporation.	26	Natural resources and energy	Announced 27-Oct-17 (Completed 27-Oct-17)

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Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
Blackstone Group LP	Astro Japan Property Group	Blackstone Group's acquisition of Japanese assets from Astro Japan Property Group .	430	Real estate	Announced 4-Oct-17 (Completed 1-Aug-17)
Megmilk Snow Brand Co., Ltd.*	Udder Delights Group Pty Ltd	Megmilk Snow Brand's acquisition of a 90% shareholding in Udder Delights Group .	14	Consumer (Foods)	Announced 29-Sep-17 (Completed 29-Sep-17)
Yancoal Australia Limited	Mitsubishi Corporation	Mitsubishi's sale of its 28.9% interest in the Warkworth and 32.4% interest in the Hunter Valley Operation coal mines to Yancoal.	289	Natural resources and energy	Announced 26-Sep-17 (Completed 7-Mar-18)
Oji Fibre Solutions (AUS) Pty Ltd	Cardboard Cartons Pty Ltd	Oji Fibre Solutions' (a subsidiary of Oji Holdings) acquisition of Cardboard Cartons and established it as a new company, Oji Cardboard Carton Solutions.	Undisclosed	Manufacturing	Announced 25-Sep-17 (Completed 25-Sep-17)
Beijing Enterprises Water Group Limited	Mitsubishi Corporation (60%) Innovation Network Corporation (30%) JGC Corporation (10%)	Mitsubishi, Innovation Network and JGC's sale of their respective interests in the water plant operator TRILITY Group to Beijing Enterprises Water.	250	Utilities	Announced 13-Sep-17 (Completed 24-Apr-18)
Nishio Rent All Co., Ltd.*	North Fork Pty Ltd	Nishio Rent's acquisition of an 80% majority interest in Fork Force Group .	33	Industrials	Announced 11-Sep-17 Completed 1-Oct-17)
Mitsubishi Corporation	Olam International	Mitsubishi Corporation acquired the remaining 20% shareholding in Agrex Australia , an Australia-based company engaged in storage, logistics, trading and marketing of food grains and nuts from Olam International. Olam had exercised its put option under a shareholders deed dated 23 June 2014, from when Mitsubishi acquired an 80% shareholding in Agrex.	11	Consumer (Foods)	Announced 4-Sep-17 (Completed 4-Sep-17)
MS&AD Insurance Group Holdings Inc.*	Challenger Limited	MS&AD Insurance Group's acquisition of a 6.26% shareholding in Challenger Limited .	500	Financial services	Announced 15-Aug-17 (Completed 23-Aug-17)

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Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
Asahi Kasei Homes Corp.*	McDonald Jones Homes Pty Ltd	Asahi Kasei's acquisition of a 40% shareholding in McDonald Jones Homes.	Undisclosed	Housing	Announced 1-Aug-17 (Completed 1-Aug-17)
Persol Holdings Co., Ltd*	Programmed Maintenance Services Limited	Persol Holdings' acquisition of Programmed Maintenance Services Limited.	978	Manufacturing	Announced 14-Jul-17 (Completed 11-Oct-17)
Prince Hotels Inc.*	StayWell Hospitality Group Pty Ltd	Prince Hotels' acquisition of StayWell Hospitality Group.	50	Leisure / hotels	Announced 3-Jul-17 (Completed 30-Sep-17)
Toshiba Mitsubishi - Electric Industrial Systems Corp. (TMEIC)*	Real Time Consultants (Aust) Pty Ltd	TMEIC's acquisition of Real Time Consultants.	Undisclosed	Technology (industrials)	Announced 30-Jun-17
ASG / Nomura Research Institute	SMS Management and Technology Limited	Nomura Research Institute's subsidiary ASG's acquisition of SMS Management and Technology Limited.	124	Technology (IT services)	Announced 20-Jun-17 (Completed 26-Sep-17)
Daikin Industries Ltd	Airmaster Australia Pty Ltd	Daikin Industries' acquisition of Airmaster Australia.	100	Manufacturing	Announced 21-Jun-17 (Completed 30-Jun-17)
WingArc1st Inc.*	Space Time Research Pty Ltd	WingArc1st's acquisition of Space Time Research from Starfish Ventures, a business intelligence and enterprise analytics software provider.	Undisclosed	Technology (software)	Announced 9-May-17
Japan Pulp and Paper Company Limited*	Maui Capital Limited	Japan Pulp and Paper's acquisition of a 51% shareholding in Ball & Doggett Group from private equity firm, Maui Capital Limited.	75	Manufacturing	Announced 12-Apr-17 (Completed 3-Jul-17)
Komatsu Ltd.	Mining3	Komatsu's acquisition of MineWare (a solutions provider for mining equipment) from Mining3.	Undisclosed	Technology (software)	Announced 31-Mar-17 Completed 31-Mar-17

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Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
Hitachi Construction Machinery Co., Ltd.	Bradken Limited	Hitachi's acquisition of 100% of Bradken .	976	Manufacturing	Announced 9-Mar-17
Kajima Corporation	Cockram Construction Limited	Kajima's acquisition of a majority interest in Cockram Constructions .	Undisclosed	Construction	Announced 2-Mar-17
Infrastructure Capital Group Limited	Mitsui & Co., Ltd.	Mitsui's sale of its renewable energy asset, Bald Hills Windfarm , to Infrastructure Capital Group.	Undisclosed	Natural resources and energy	Announced 28-Feb-17
Institutional buyers	Mitsui & Co., Ltd.	Mitsui's sale of 1.37% of its interest in Sims Metal Management .	Undisclosed	Natural resources and energy	Announced 23-Feb-17
COSMOS INITIA Co Ltd and Daiwa Living Management Co. Ltd.*	Waldorf Apartments Group	COSMOS INITIA and Daiwa Living's acquisition of a 75% shareholding in Waldorf Apartments Group .	35	Real estate	Announced 1-Feb-17 (Completed 1-Feb-17)
Will Group. Inc.*	Ethos Beathchapman	Will Group's acquisition of a 71.43% shareholding in Ethos Beathchapman .	11	Professional services	Announced 20-Jan-17 (Completed 25-Jan-17)
Fujifilm	Cynata Therapeutics	Fujifilm's acquisition of a 10% shareholding in Cynata Therapeutics Limited .	3.97	Health	Announced 19-Jan-17
Takara Holdings Inc.*	Nippon Food Supplies Company Pty Ltd	Takara's acquisition of a 51% shareholding in Nippon Food Supplies .	16.05	Consumer (Foods)	Announced 16-Jan-17 (Completed 17-Jan-17)
Park24*	Secure Parking	Park24's acquisition of an 80% shareholding in Secure Parking .	206	Real estate	Announced 7-Dec-16 (Completed 18-Jan-17)

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Buyer	Seller	Description of Transaction	Deal Value (\$ m)	Industry	Date Announced/ Completed
From Group Co., Ltd.*	CMAX Clinical Research Pty Ltd	From Group's acquisition of CMAX Clinical Research from IDT Australia Limited.	16.16	Health	Announced 25-Oct-16 (Completed 23-Aug-17)
Hitachi Zosen*	Shine Investments Pty Ltd; Shine Investments International Pty Ltd	Hitachi Zosen's acquisition of a 70% shareholding in Osmoflo Holdings .	Undisclosed	Industrials	Announced 03-Oct-16 (Completed 9-Mar-17)

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