

 **HOLDING REDLICH**

M&A Review

Key deals, market insights
and future trends

September 2025

Key Highlights

ACCC merger reform prompts a wave of transactions – many transactions are being fast-tracked to complete before 1 January 2026, avoiding stricter reviews, notifications, and penalties.

Schemes of arrangement continue to dominate Australian M&A – used for large, complex, or foreign-led deals due to certainty, lower thresholds, and ability to embed regulatory conditions.

Foreign investment approvals remain a hurdle – heightened FIRB scrutiny on national security and sensitive assets prompt investors to adopt restructuring strategies, extend deal timelines, and incorporate conditional terms to manage approval risks.

Investor caution persists amid global and domestic uncertainty – mixed signals from US markets, geopolitical tensions, and macroeconomic volatility are prompting selective dealmaking and longer timetables.

Preparation upfront drives deal success – engaging regulators early and structuring transactions to address increased tax compliance burdens, changing tax computations, and governance issues is now critical.

Market Overview & Trends

Australia’s M&A market enters FY2025-26 against mixed signals. Recent interest rate cuts and lower tariffs generally support deal activity, but uncertainty in the US is affecting investor confidence.

The Australian Competition and Consumer Commission’s (ACCC) new merger regime, coming into effect on 1 January 2026, has also created urgency, with many mid-market transactions being fast-tracked for completion before 31 December 2025.

For offshore investors, foreign investment approvals remain a significant challenge and the two-year ban on foreign purchases of residential property poses difficulties for businesses wishing to send staff to Australia to establish local operations.

In FY2024-25, the majority of transactions we advised on were in the real estate, manufacturing and financial services sectors. Through these deals, we observed an increase in schemes of arrangement and clients taking a more measured approach to due diligence, given uncertainties in the market.

“We also see private equity portfolio companies actively pursuing bolt-on acquisitions and disposing of non-core assets as they prepare for future exit events.”



William Kontaxis
Partner
Corporate & Commercial

Sector breakdown

- Real Estate
- Manufacturing
- Financial Services
- Energy, Mining & Resources
- Technology, Media & Communications
- Health & Aged Care
- Transport & Logistics
- Food & Agribusiness
- Education



Holding Redlich deals FY2024-25

Outlook for 2026

Looking ahead, we expect investors to remain cautious as the ACCC’s merger reforms commence and uncertainty with Trump in the US continues.

Tax developments, FIRB complexity and sector-specific shifts will also influence dealmaking. According to Capital Brief, 40.9% of Australia’s top firms plan to act only if a specific opportunity arises, while 21.5% have no M&A intentions over the next 12 months.

Businesses looking to engage in merger activity in FY2025-26 should:

- focus on rigorous due diligence across governance, national security and ESG compliance
- remain vigilant to regulatory and policy changes
- engage early with regulators such as the ACCC
- factor in longer timelines in their deal timetables.

The remainder of this report dives into the regulatory environment and key sectors where we see opportunities.

Australia’s M&A market: Risks and opportunities in FY2025-26

Risks	Opportunities
• Regulatory change: ACCC’s new merger regime (timelines, fees, stricter reviews) adds transaction risk. • Foreign investment hurdles: FIRB platform complexity and new property buying restrictions affect offshore investment appetite. • Compliance pressures: Elevated ESG, governance and tax enforcement mean more post-deal conditions (e.g. governance, data-localisation, reporting obligations). • Global headwinds: US tariffs, financing constraints and slow growth fears could depress valuations and investor confidence. • Macroeconomic volatility: Domestic rate cuts, currency swings and sector-specific pressures affect deal appetite. • Tax risks: Existing compliance processes will need to be revisited with the implementation of the OECD’s Pillar Two, and changes in the determination new best practice guidance on supplementary annual GST returns.	• Sector strength: Energy transition, critical minerals, renewables, technology, healthcare and data infrastructure remain highly attractive. • Capital flows: Low Australian dollar and pent-up private equity are attracting foreign bidders. • Portfolio reshaping: Distressed opportunities and carve-outs are expected to rise as companies rebalance portfolios. • Resilient demand: Stable legal and political environment draws inbound M&A. • Withholding taxes: Developments in royalty withholding tax will present planning opportunities in cross-border transactions.



Regulatory Environment

Australia's new merger thresholds

From 1 January 2026, merger parties will need to notify the Australian Competition and Consumer Commission (ACCC) if their proposed transaction meets at least one of the prescribed monetary or market concentration thresholds.

The regulator will then have 30 business days to determine whether to approve, impose conditions or block the transaction. Failure to comply carries significant penalties, including fines of up to AU\$50 million, three times the benefit gained, or 30% of annual Australian turnover, whichever is greater. The regime has triggered a wave of transactions being fast-tracked for completion by 31 December 2025 as dealmakers look to sidestep the new rules.

Foreign investment hurdles

Overseas investors continue to face challenges with Foreign Investment Review Board (FIRB) approvals, leading to a more cautious and strategic approach to Australian acquisitions.

Bidders now engage FIRB, local lawyers, tax and security advisors early, and while the FIRB's new centralised portal, launched in February 2025, have shortened review times, close scrutiny by the regulator for any national security concerns or acquisitions of sensitive assets (such as data centres) continue to cause delays.

To ease approval, we see investors increasingly restructure transactions, introducing local equity partners or governance safeguards (for example, local-resident board seats, ESG, improved chain of control), or splitting sensitive assets into separate vehicles, or using earn-out arrangements domiciled in Australia. Conditional bid terms, such as reverse break fees or price adjustments if approval is delayed or rejected, have also become common.



Regulatory Environment

Approval delays and uncertainty during caretaker periods are now built into deal timeframes, with parties routinely extending 'long stop' dates and renegotiating break fees to accommodate FIRB reviews. Post-approval conditions have also become broader, with investors anticipating obligations such as local board control, data localisation and regular tax reporting. These commitments are now built into deal models and reflected in warranties, indemnities, or even insurance. Notably, investors from AUKUS and QUAD nations often face fewer barriers, while state-funded bidders have in some cases withdrawn due to stringent conditions.

“Tighter merger control scrutiny, delays in securing FIRB clearance, and evolving tax rules for offshore investors are adding to the regulatory burden on sellers through greater disclosure requirements, prolonged timelines and higher transaction costs, while also creating execution risk and financing challenges for buyers.”



Jeanne Vallade
Partner
Corporate & Commercial

Tips for investors seeking foreign investment approvals in FY2025-26

- organise a pre-lodgement meeting with FIRB to discuss potential issues
- factor longer timelines in your timetables
- conduct rigorous due diligence on national security compliance
- consider transaction structures that clean foreign ownership (i.e. by partnering with Australian stakeholders or using local subsidiaries)
- stay alert to changing policies under border control and cybersecurity laws.



Regulatory Environment

Increased tax compliance obligations

Australia has now implemented the Organisation for Economic Co-operation and Development's (OECD) Pillar Two reforms, which apply top up tax to multinational groups with annual consolidated revenue of at least €750 million. They include a global minimum tax comprising of the income inclusion rule (IIR) and the undertaxed profits rule (UTPR), and a domestic minimum tax (DMT). The IIR allows Australia to impose a top up tax on Australian parents if foreign subsidiaries are taxed below 15%. The UTPR acts as a backstop by taxing Australian entities if profits of the group abroad are taxed below 15% and not otherwise caught by the IIR. The DMT ensures Australia can claim primary taxing rights over low-taxed profits in Australia before the IIR or UTPR applies. The reforms will require the filing of several special purpose returns including a GloBE Information Return to disclose calculations, a return to cover the IIR and UTPR, and a return to report the DMT.

Meanwhile, the Australian Taxation Office (ATO) has updated its guidance on the best practice preparation of supplementary annual GST returns. Information reported in these returns are used by the ATO to assess whether large businesses have correctly reported GST and have invested in GST governance. The preparation of this return will influence the extent to which the ATO conducts its assurance reviews of large businesses.

“In practice, these regulatory shifts are prompting overseas investors to engage advisors early, tailor structures to national security and tax requirements, and allow longer timelines and contingency for approvals. This front-loaded preparation is now essential to closing deals in Australia's tightened regulatory environment.”



Dhanushka Jayawardena
Partner
Corporate & Commercial



Regulatory Environment

Foreign business and withholding taxes

It was proposed that from 1 July 2025, foreign residents will be subject to capital gains tax (CGT) on a wider base with the class of assets subject to CGT being broadened to include interests in leases or licences to use land in Australia, Australian water entitlements, and infrastructure and machinery installed on Australian land such as energy, telecommunications and transport infrastructure. Tests used to determine whether an asset is principally driven by Australian real property would be modified from a point-in-time test to a 365-day testing period, thereby limiting planning strategies typically employed by foreign residents to reduce CGT exposure.

The ATO has also released draft guidance on low-risk scenarios for when royalty withholding tax (RWHT) applies, offering clarity for technology businesses.

Also on RWHT, the ATO has lost an appeal to the High Court on the imposition of the tax on payments for the use of intellectual property embedded in the provision of other goods between third parties. This space should be monitored for legislative change and contracts should be carefully drafted to mitigate risk.

Payroll tax

An important source of revenue, State revenue authorities continue to scrutinise taxpayers' compliance with payroll tax with a recent appellate decision in NSW finding that a gig economy operator was liable to pay payroll tax on amounts paid to workers.



Key Sectors - Real Estate

Following advocacy by the Property Council, the merger control regime now exempts a range of routine land acquisitions from mandatory notification, reducing regulatory burden on real estate M&A. These exemptions include acquisitions for residential development or land management businesses, land entities, lease extensions and renewals, land development rights, and sale and leaseback arrangements.

Of the transactions we have been involved in, we are seeing more activity in the self-storage space.

We also see schemes of arrangements become the dominant model for large public M&A over the past two years, with approximately two-thirds of deals adopting this structure.

Key advantages of schemes of arrangements:

- ✓ all-or-nothing outcome, with certainty of 100% ownership if approved
- ✓ lower statutory thresholds: 75% of votes and majority of holders vs acquiring 90% of the target before undertaking the compulsory acquisition process
- ✓ fixed court-supervised timetable (about 4 months), avoiding prolonged bid extensions
- ✓ well-suited to complex or foreign-led transactions, can embed FIRB or regulatory conditions and give courts power to resolve cross-border issues upfront.

From 1 January 2026, the new ACCC merger control regime will also need to be considered.

Deal highlight

A precedent-setting scheme of arrangement in the Sunland takeover

We advised Sunland on its takeover by Sun Holdings GC Pty Ltd via a scheme of arrangement under Part 5.1 of the Corporations Act. The transaction followed three competing bids, each with significant legal and shareholder challenges. The final bid involved a dividend-conditional consideration, which attracted scrutiny from the Australian Securities and Investments Commission (ASIC) and the court regarding potential financial assistance.

How did we make it happen

Engineered an innovative scheme structure, setting a precedent under section 260A of the Corporations Act ([2024] NSWSC 1591)

Delivered strategic and commercial advice, including negotiating the Scheme Implementation Agreement and preparing the Scheme Booklet

Managed the transaction end-to-end – from competitive bid process and stakeholder negotiations through to ASIC engagement and court approvals

Our proactive approach enabled Sunland to execute a major restructuring aligned with their business strategy, rewarding shareholders for their contributions, and setting a new precedent for companies seeking to buy or sell businesses.

“The flexibility offered by schemes of arrangement make them particularly attractive in today’s regulatory environment especially in friendly mergers and takeovers in Australia. We’re observing an increase in their use across sectors where shareholder engagement is complex. We expect this trend to continue notwithstanding that working with ASIC and the courts bring about their own complexities as well as the introduction of the new ACCC merger and acquisition regime on 1 January 2026 as companies and investors prioritise certainty.”



William Khong
Partner
Corporate & Commercial



Key Sectors - Financial Services

M&A activity in the financial services sector remains steady, particularly in private equity where deals that were put on hold have re-emerged as conditions improved. While the market has experienced bumps along the way, opportunities continue to arise. This is expected to shape dealmaking into 2026.

Following its discussion paper on the evolving dynamics between Australia's public and private capital markets, the Australian Securities and Investments Commission (ASIC) is expected to release its views on how to strengthen public markets in Q3 of 2025 and provide a roadmap for private markets in Q4. It is anticipated that, at the least, we will see fine-tuning around valuations and further guidance in connection with the liquidity of private market investments.

At the same time, the broader theme of productivity is relevant to the government's public statements in connection with the Australian economy.

“The most significant trend we are noticing is the ‘retailisation’ of private market investment strategies that have historically been open to wholesale and institutional investors only. This is partly a function of the increasing concentration risks perceived with public market investing. There are very significant opportunities for private market fund managers in that context. ASIC is aware of this shift and is reviewing its policy settings, so it is important for fund managers to maintain a close watch on regulatory risk.”

Overseas, the US' landmark executive order to include alternative assets such as cryptocurrency, real estate and private equity in 401(k) retirement accounts may result in increased private market asset activity in Australia.

The Australian Taxation Office (ATO) is cracking down on fund restructures seeking concessional Managed Investment Trusts (MIT) tax treatment, which offers a reduced 15% withholding tax rate for foreign investors. If a single institutional investor uses related entities to mimic multiple investors, the ATO may deny MIT treatment and apply the standard 30% tax rate instead. This poses a significant tax risk for foreign-backed real estate investments and could impact due diligence and how fund managers structure deals going forward.



Andrew Stone
Partner
Corporate & Commercial



Key Sectors - Renewables

Rising development costs and prolonged investments are causing many developers to divest their developed and undeveloped assets in Australia. Global geopolitical uncertainty is also prompting investors to refocus on shorter-term, cash-flow-friendly opportunities. Battery energy storage systems (BESS) are emerging as a preferred asset class, with companies disposing of their Australian portfolios to concentrate on European markets and smaller-scale battery projects.

Despite regulatory hurdles and slower capital deployment, M&A activity in the renewable energy sector is far from stagnant. In fact, the high volume of asset sales is fueling deal flow, as buyers seek to acquire operational or near-ready projects at more attractive valuations. The appeal of battery projects lies in their shorter development timelines and quicker returns.

Tax reform is also contributing to activity in this sector. As Australia progresses toward decarbonisation, the government anticipates excise and mining tax receipts to fall, and income tax from individuals and corporates to rise. Under the Australian Government's 'Future Made in Australia' initiative, two targeted tax measures – the Hydrogen Production Tax Incentive and the Critical Minerals Production Tax Incentive – are likely to indirectly benefit users like developers and operators through increased supply and lower input costs over time.

The National Electricity Market (NEM) Review and calls for a new carbon price are poised to influence investment sentiment. The NEM Review, currently under public consultation, aims to improve market settings to promote investment in firmed, renewable generation and storage capacity in the NEM. Meanwhile, economists and industry leaders are advocating for the reintroduction of a carbon price to drive emissions reductions and budget repair. These reforms, if implemented, could further accelerate M&A activity.

Deal highlight

Risen Energy's acquisition of Campbells Forest solar farm

We advised Risen Energy, a leading solar farm developer, on the acquisition of a 205MW utility-scale solar farm (Campbells Forest Solar Farm) in Victoria. This is one of 19 projects named as winners of Australia's largest ever renewable energy tender.

This transaction presented several key challenges, including: Foreign Investment Review Board (FIRB) changes that impacted the transaction's agricultural land classification, a regulatory issue in the Australian Energy Market Operator (AEMO) approvals due to an expiring letter, refinancing of the target's project by the seller and CAPEX modification, change of ownership of two lots of land, and a one-year delay caused by the seller refinancing the project target, requiring updates to due diligence, the share purchase agreement and technical development requirements.

How we made it happen

Developed and delivered tailored FIRB advice that reshaped not only this transaction but the client's broader FIRB approach

Negotiated and resolved AEMO-related issues under compressed timeframes, preserving the project's delivery schedule

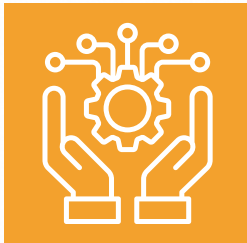
Re-engineered the transaction structure to accommodate shifting regulatory requirements and evolving commercial objectives

Positioned the client to secure a strategically vital renewable energy asset with enduring long-term value

“The intensification of due diligence, together with changing tax rules, AFSL obligations, and AEMO-related challenges such as grid connection, congestion and curtailment risks, is adding to the regulatory burden on the parties and shaping the way renewable energy deals are structured.”



Jeanne Vallade
Partner
Corporate & Commercial



Key Sectors - Technology

The technology sector continues to be a focal point for M&A activity. A notable trend is the acquisition of traditional businesses by AI companies. The market appetite for these types of deals is clearly strong, and we expect to see more of them.

In parallel, the marketing and media industry is undergoing rapid consolidation. Traditional players like Clemenger and TBWA are merging under Omnicom, with further mergers approved by the Australian Competition and Consumer Commission (ACCC).

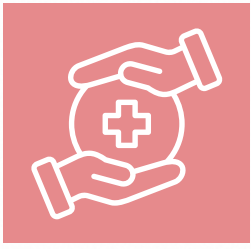
AI-powered platforms are becoming an increasingly used tool by businesses, particularly in the deal process. We are seeing a growing reliance on technology during the due diligence process, where large volumes of documents and materials can land in a data room for review, as well as in the preparation and drafting of transaction documents. In particular, dealmakers are turning to AI tools to generate certain deal-related documents or specific clauses relevant to the deal to enhance and protect their positions during the process. According to Bain & Company, nearly 80% of firms using AI in their M&A processes have experienced a reduction in manual effort.

“We have found AI tools to be invaluable throughout the due diligence process, enabling legal teams to generate summaries on specific regulatory matters unique to the buyer or seller’s industry, often within seconds. This not only saves time but increases advisor effectiveness.”



Ben Constance
Partner
Corporate & Commercial

A wide range of technologies is transforming how legal professionals engage with M&A transactions. AI tools are particularly impactful in identifying legal risks quickly, thanks to their ability to process and analyse large volumes of documents. These platforms are accelerating the M&A process. The challenge now is how to stay ahead of the curve and knowing which tools are available, reliable, cost-effective and worth the investment.



Key Sectors - Health & Aged Care

Demand for healthcare services in Australia continues to rise due to an ageing population and increasing prevalence of chronic diseases. Growth in telehealth, supported by government investments and policy frameworks, is enhancing service delivery and capacity. Telehealth assets that combine technologies including AI-driven diagnostics and data analytics are increasingly recognised as high value and drive competitiveness for acquirers.

In the aged care sub-sector, consolidation is intensifying as smaller providers, including faith-based organisations, exit the market under the pressure of rising compliance obligations, higher operating costs and staff shortages. While increases in government funding have supported overall sector growth, concerns remain over the industry's long-term financial stability.

The sector will undergo major structural change with the new rights-based Aged Care Act commencing on 1 November 2025, which could create opportunities for M&A. According to IBISWorld, the number of Australians aged 85 and over is forecast to triple over the next 40 years, driving long-term demand for aged care services. At the same time, providers are beginning to adopt AI-enabled robots to support social engagement, monitoring and routine tasks, which may help address workforce shortages.

The new rights-based Aged Care Act will commence on 1 November 2025.

Deal highlight

Strategic acquisition expanding a national healthcare network

We advised a leading national healthcare provider on the acquisition of multiple specialist medical sites across Australia. The organisation operates several clinics delivering comprehensive patient care and pharmacy services and has pursued an ambitious growth strategy since its investment by a private equity firm in late 2021.

This transaction involved navigating the highly regulated healthcare sector, including complex licensing requirements across multiple jurisdictions and agreements with major public sector entities. These factors created unique challenges in structuring, negotiating, and implementing the acquisition while ensuring ongoing operational compliance.

How we made it happen

Conducted detailed due diligence to address regulatory, licensing, and property complexities across multiple states and territories

Negotiated key transaction documents to balance commercial drivers with healthcare compliance obligations

Integrated employment, property and regulatory expertise to deliver a seamless, integrated outcome

Advised on post-settlement governance and operational planning to support long-term growth and integration

This acquisition marks a significant milestone in our client's expansion strategy, further strengthening its position in the national healthcare sector.

“ We expect further consolidation in the industry as regulatory changes continue to take effect. For smaller operators struggling with rising costs and the pace of change, now is a good time to consider acquisitions as large players are actively seeking consolidation opportunities. Overall, the market remains well-positioned for continued deal activity. ”



Darren Pereira
National Head of Corporate
Corporate & Commercial

About Holding Redlich

Across our offices in Melbourne, Canberra, Sydney, Brisbane and Cairns our corporate and commercial team handles the full spectrum of M&A transactions – both in public markets and by private treaty. We regularly advise across diverse sectors, including property, financial services, technology, health and aged care, energy, agribusiness, education, food, infrastructure, retail, and transport.

Our expertise

Holding Redlich's M&A team brings together multi-disciplinary lawyers experienced in mergers and acquisitions, corporate governance and financing. Led by partners recognised as specialists in M&A, ASX Listing Rules, public company law, equity capital markets, funds management, financing and securitisation, we advise on complex and high-value transactions across Australia and internationally.

We act for a well-established middle market client base, including international and Australian corporates, private equity firms, institutional investors and listed entities.

We deliver strategic, commercially driven advice across a range of complex deals.

Key areas of expertise

- public takeovers, both hostile and friendly
- negotiated acquisitions and dispositions, including with private equity
- strategic mergers
- cross-border transactions
- schemes of arrangement
- corporate restructures
- joint ventures and strategic alliances
- foreign investment
- unsolicited bids and proxy contests.

We are consistently recognised in the industry. Our team has been named finalists for Transaction Team of the Year at the Lawyers Weekly Australian Law Awards for the past five years, and in 2024, we were also shortlisted for both Banking and Finance Team of the Year and Commercial Team of the Year. In addition, our practice was also listed among Best Lawyers' Best Law Firms in Australia for corporate law. Our lawyers are also consistently ranked in Doyle's Guide and Best Lawyers in Australia.

Meet our team



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