

Japan & Korea Allocator Intelligence

Weekly GP Intelligence

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LEAD SIGNAL · JAPAN & KOREA ALLOCATOR INTELLIGENCE #005

Japan's AI-Infrastructure Cheques Are Smaller Than the Headlines — the Supervisors' Checklist Is the News

Japan's biggest lifer and biggest bank did not open a new mandate for outside GPs this month. What changed is that Japan's two financial supervisors now say, in writing, what they will check in data-centre and private-credit exposure. A GP who arrives with that data already assembled makes the committee's conversation with its supervisor easier. That, not the size of the AI build-out, is now what wins the ticket.

Start with the headlines. Nikkei reported on 20 September that Nippon Life will put ¥2tn into infrastructure lending, including AI data centres, and that MUFG Bank decided to invest in an AI-infrastructure fund of more than ¥4tn. Read together, they look like a large wave of fresh Japanese money. They are not.

Nippon Life's ¥2tn is a target for its *outstanding* balance of project finance (loans repaid from the cash a project earns) by FY2035. The balance was already about ¥1tn at end-March 2026. Bloomberg reported a year earlier that the overseas project-finance book was on course to reach ¥1tn. It had grown about ¥100bn a year, net of repayments. So the new plan adds about ¥1tn over ten fiscal years. On the evidence so far, that continues the old pace rather than speeding it up. The lending goes mainly to the US. No report names a partner GP, debt fund or syndicate. The ¥2tn covers infrastructure project finance in general, and no report gives a data-centre share. Nippon Life's head of structured finance says US project finance earns more than 2 percentage points on average over funding cost. The insurer plans a dedicated US team around 2027 to pick data centres with strong tenants.

MUFG's "over ¥4tn" is a fund size, not MUFG's cheque. On 26 December 2025, MUFG and MUFG Bank agreed to invest as an LP in AIP Fund F-1, a USD30bn fund of the AI Infrastructure Partnership run by Global Infrastructure Management. MUFG did not disclose its own commitment. The Nikkei fund appears to be this one: a secondary report describes it as a BlackRock-affiliated fund MUFG agreed to back "late last year". The partnership was founded by BlackRock, Global Infrastructure Partners, MGX, Microsoft and NVIDIA, and aims to raise \$30bn of equity, up to \$100bn including debt. MUFG Bank's newsroom shows no September 2026 release on an AI-infrastructure commitment.

The new part is the supervisors. The FSA's 2026 policy document, published on 15 September, lists "project finance including credit to data centres" as a priority credit-risk item. It sits beside domestic real-estate lending, large exposures and lending to overseas funds. It says the FSA will check four things: lending policy, deal screening, monitoring after the loan is made, and

concentration management. It will also compare exposures shared across several institutions side by side.

A footnote says what prompted this. At banks, it is large loans to particular sectors. At insurers, it is wider investment and more use of life reinsurance. On 25 September a senior FSA official, who asked not to be named, told Bloomberg the FSA is stepping up its review of AI data-centre financing by the biggest banks and life insurers. The official said the projects in focus are mainly in the US and that the FSA does not want to cut off funding. The policy text itself never mentions the US.

The same day, the BOJ published Review 2026-J-12 on private-credit funds. It says Japanese banks, life insurers and pension funds are growing their private-credit exposure. It also says Japanese financial institutions, "centred on large banks", are tying themselves more closely to private credit through fund finance. It gives no yen exposure figures. What it does give is a list of what to look at:

- narrower spreads and fewer covenants in direct lending;
- a rising share of "after-the-fact" PIK (payment-in-kind: the borrower adds interest to the loan instead of paying cash);
- fast growth in lending to AI and SaaS companies, a concentration risk;
- asset risk in asset-based finance (ABF: loans secured on pools of assets such as receivables);
- liquidity risk in semi-liquid funds (funds that let investors redeem periodically, within limits).

The review states the views are the authors', not necessarily the BOJ's.

For insurers there is a second filter. Japan's economic-value solvency regime (ESR) applies from the period ending March 2026. The FSA monitors large lifers' growing alternatives books, including private-credit funds, through ORSA reports (the insurer's own risk and solvency self-assessment) and hearings. The FSA calls lifers' private-credit exposure "limited".

Put the pieces together. The money that exists goes mostly into direct loans, and it is not new. The scrutiny is new. Every Japanese bank or lifer committee that approves data-centre debt, a fund-finance line or a private-credit commitment this quarter now has two published checklists on the desk. On the evidence so far, the GP who wins is the one whose materials answer those checklists line by line.

Korea, the same week, sent the same message from the other direction. Korea's sovereign fund, KIC, is exploring a sale of more than \$1bn of its LP stakes in other managers' PE funds, with PJT Partners advising. That is recycling, not retreat: new commitments to KIC now have to beat what KIC already holds (details in the Korea section). And Korea Investment PE is building a \$1tn platform from group proprietary capital and its own GP commitment, aimed at AI data centres, power, energy storage and networks. In both markets the capital is concentrating, and the people who approve it want a stronger file.

Which GPs Have Opportunities:

GP profile	Why this fits	What they'd need
US digital-infrastructure and data-centre senior debt managers (construction-to-term, IG-to-BBB)	Nippon Life lends directly and plans a US team around 2027. It still needs deal flow and co-lenders, and no partner is named yet	Tenant-by-tenant lease data, loan-level monitoring reports an LP can hand to the FSA, and concentration limits by tenant and power market

GP profile	Why this fits	What they'd need
Infrastructure-debt managers that take down bank-originated loans	MUFG already describes its AlbaCore infra-debt platform as "a new external distribution channel for structured finance deals". A bank under concentration review has a reason to distribute	A club or syndicated project-finance track record, minimum hold sizes, and written conflict rules with the originating bank
Private-credit and ABF managers raising from Japanese banks and lifers, especially with AI or SaaS borrowers in the book	The BOJ's list (PIK, covenants, AI/SaaS, ABF, semi-liquid liquidity) is now the question set	PIK share split into PIK at origination and PIK added later; covenant counts by loan; share of book in AI/SaaS; ABF collateral data; redemption terms and gate history for evergreen vehicles
Insurer-facing credit managers of any size	The FSA monitors lifers' alternatives through ORSA reports and hearings	Reporting built to drop into an insurer's ORSA and ESR capital-charge work
Digital-infrastructure GPs looking at Korea	Korea Investment PE's W1tn platform uses group money directly. It competes for Korean deals and could co-invest on larger ones	Co-investment terms and help sourcing power; not an LP pitch

Recommended Actions:

1. **Before any Q4 2026 investment-committee date with a Japanese bank or lifer:** add a one-page "FSA/BOJ lens" annex to the pitch. Cover concentration by tenant, sponsor and power market; how you monitor loans after closing; PIK share; and covenant counts. Map each line to the FSA's 15 September policy and BOJ Review 2026-J-12.
2. **Now, in every deck:** describe Nippon Life's programme as "about ¥1tn outstanding, targeting ¥2tn by FY2035", not as "¥2tn of new money". A committee member who reads Nikkei will spot the difference.
3. **Digital-infra debt GPs, by Q1 2027:** approach Nippon Life's structured-finance division before its US team exists. Offer co-lending or club participation, not a blind-pool commitment. Published reports describe direct lending only.
4. **GPs with MUFG-originated or MUFG-syndicated exposure, now:** assume the bank's concentration review will reach your deals. Have exposure-by-counterparty tables ready before it asks.
5. **Insurer-facing GPs, this quarter:** offer reporting in a form that fits ORSA and ESR work, because that is how the FSA monitors lifers' alternatives.

Sources: note 1.

Sources

[1] Japan's AI-Infrastructure Cheques Are Smaller Than the Headlines.

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