

# **The Present Situation of the Venture Capital Industry in Japan**

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# Brief History of Venture Capital in Japan

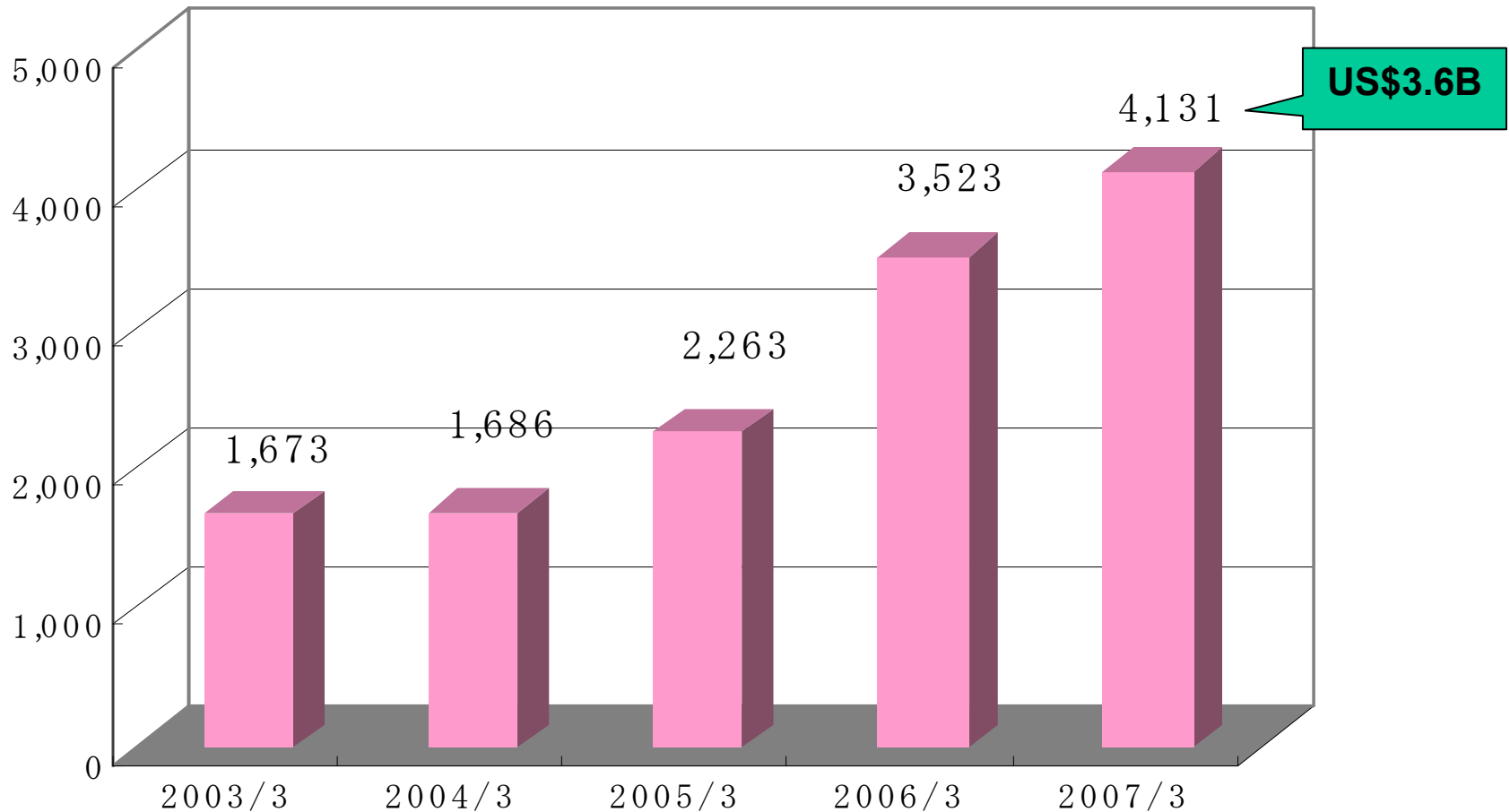
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- 1963 : Japanese SBIC was established.
- 1972 : First private-owned VC,  
Kyoto Enterprise Development was  
established.
- 1973 : JAFCO was established.
- 1981 : JAIC was established.
- 1982 : JAFCO introduced 1<sup>st</sup> investment fund in Japan
- 1999 : TSE-Mothers was formed.
- 2000 : Nasdaq Japan was formed.
- 2002 : JVCA was established.

# Venture Capital in Japan

## Investment Amount by VC in Japan

(0.1 Billions of Yen)

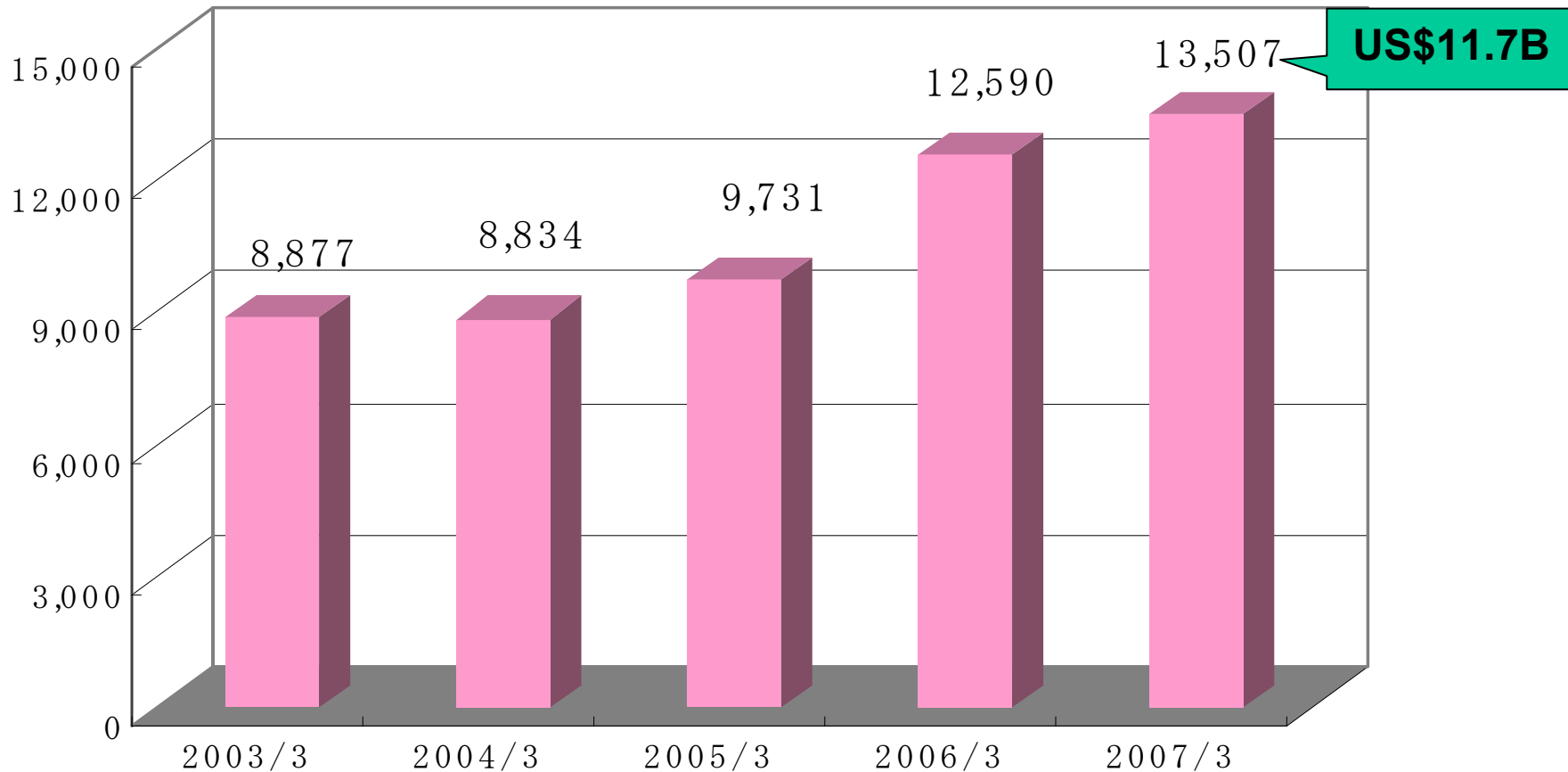


Source: Venture Capital Survey by Nikkei Financial Daily

# Venture Capital in Japan

## Total Balance of Investments by VC in Japan

(0.1 Billions of Yen)



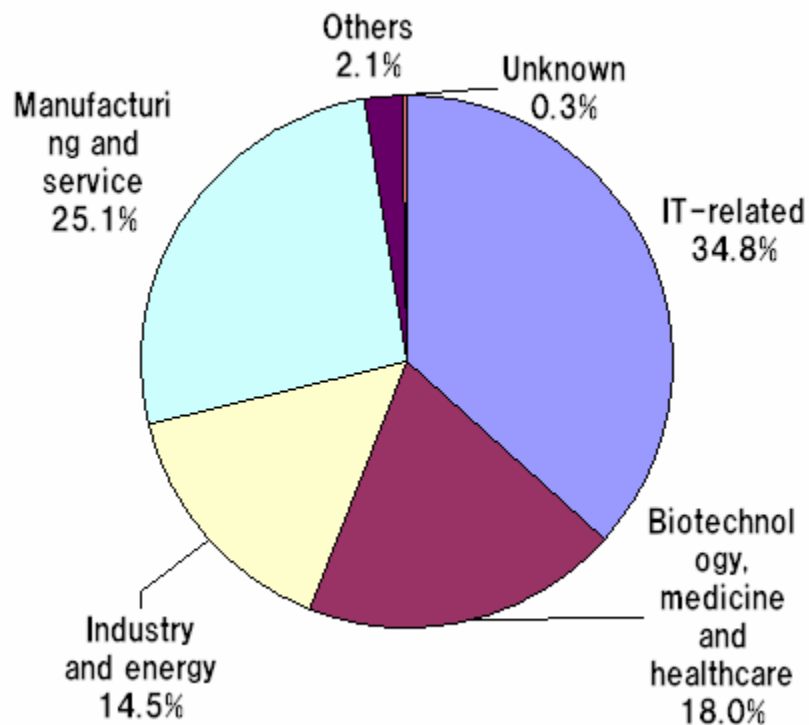
Source: Venture Capital Survey by Nikkei Financial Daily

# Venture Capital in Japan

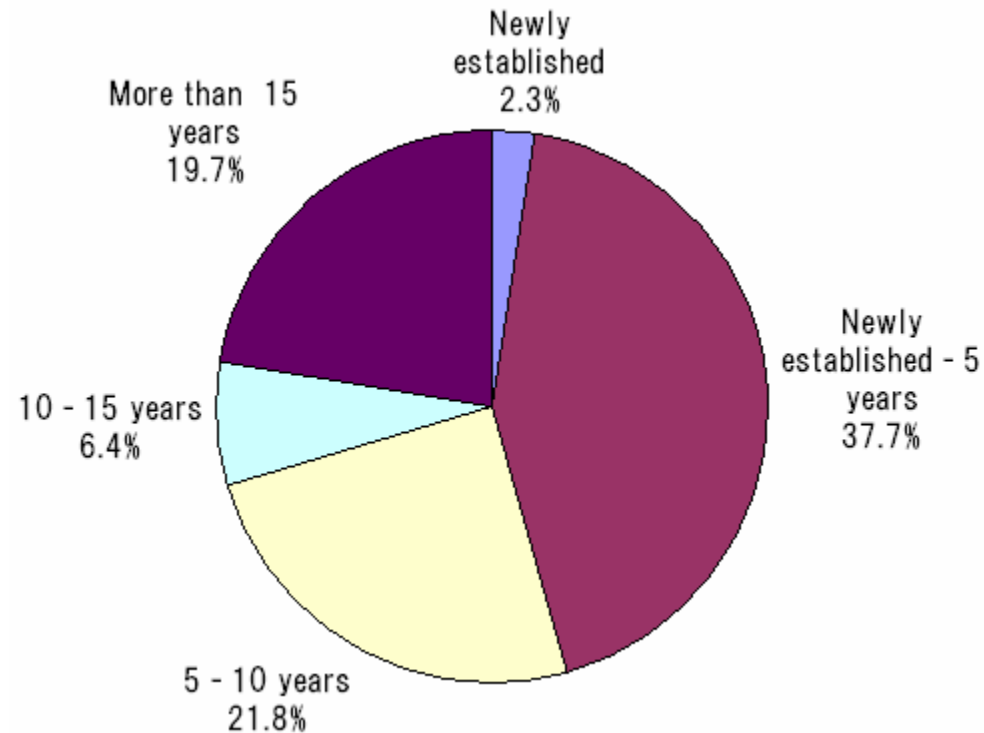
(Apr. 2006 – Mar. 2007)

## Breakdown of New Investments by VC

### Breakdown by Industry



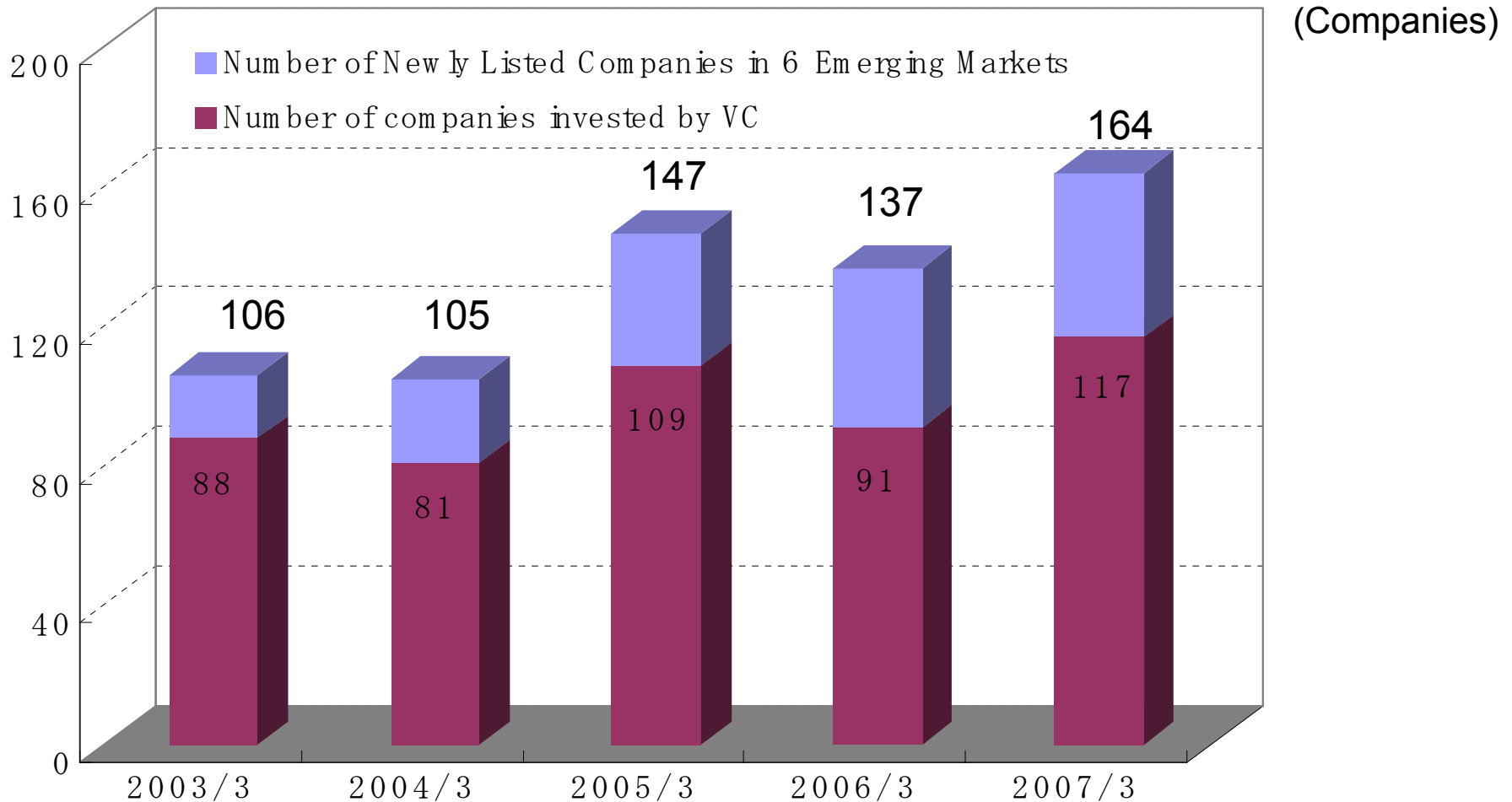
### Breakdown by Age of Companies



Source: Venture Enterprise Center (VEC)

# Venture Capital in Japan

## IPO's on Japan's 6 Emerging Markets and VC



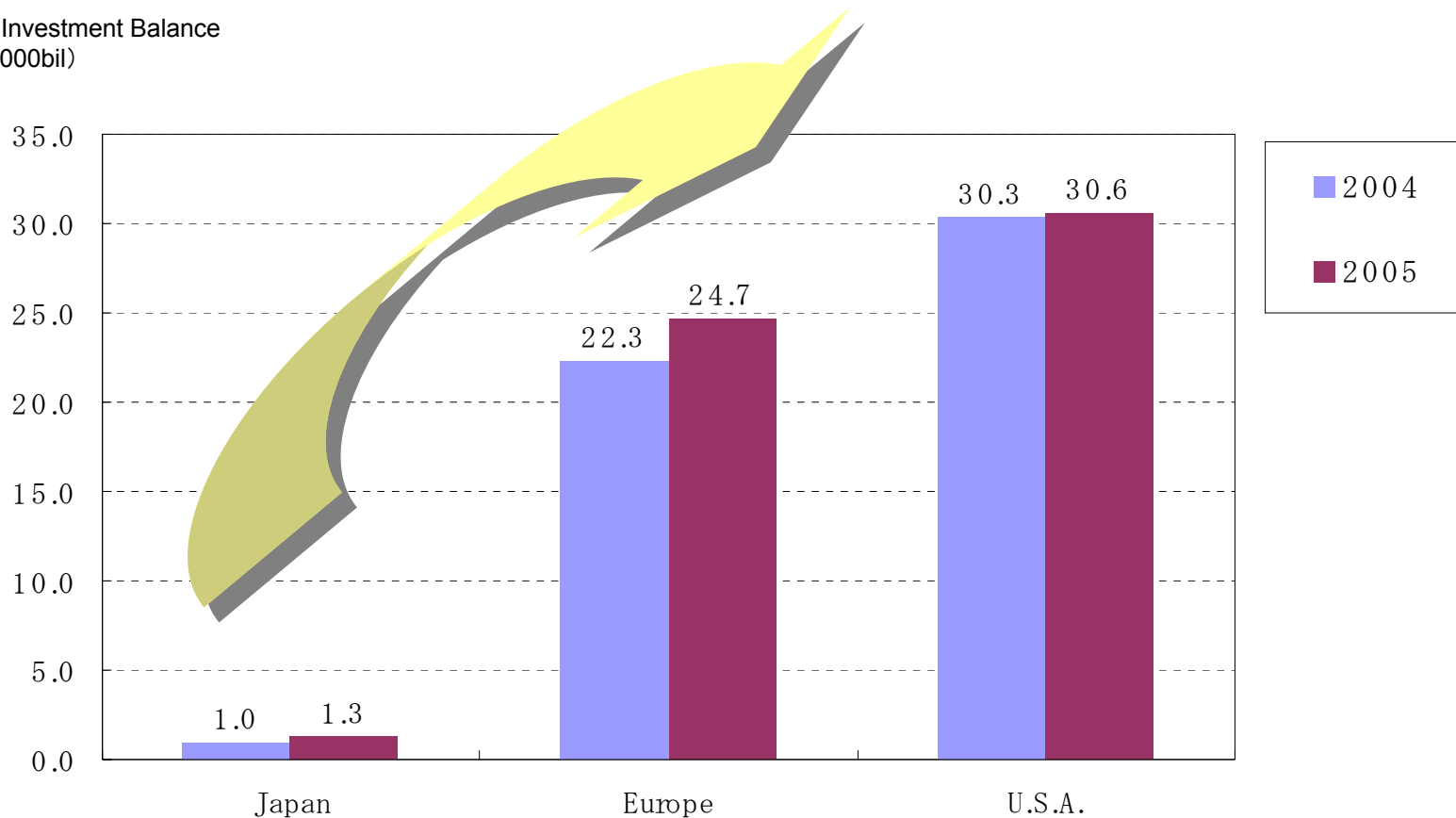
Note: 6 Emerging Markets . . . JASDAQ, TSE Mothers, OSE Hercules, the Sapporo Securities Exchange Ambitious Section, the Centrex of the Nagoya Stock Exchange and the Fukuoka Stock Exchange Q-Board.

# Venture Capital Market in Japan

## Venture Capital Market Size by Region

U.S.A. is 30 times bigger in size than Japan

VC Investment Balance  
(\1,000bil)



Source: Japan . . . Nikkei Financial Daily , U.S.A. . . . NVCA, Europe . . . EVCA

# League Table: Venture Capital Business in Japan

(As of March, 2007 ; JPY Million )

|    | VC Name                | Parent company  | Total Amount of Investment | Total No. of Portfolio Companies | Amount of Annual Investment | Annual No. of Investees | Total Amount of Funds |
|----|------------------------|-----------------|----------------------------|----------------------------------|-----------------------------|-------------------------|-----------------------|
| 1  | JAFCO                  | Securities firm | 204,090                    | 1,088                            | 60,305                      | 316                     | 420,113               |
| 2  | SBI Holdings           | IT firm         | 155,913                    | 325                              | 117,098                     | 152                     | 341,311               |
| 3  | NIF SMBC               | Securities firm | 129,908                    | 1,117                            | 37,086                      | 204                     | 288,507               |
| 4  | Chuo Mitsui Capital    | Bank            | 115,695                    | 88                               | 76,909                      | 28                      | 214,000               |
| 5  | <b>J A I C</b>         | <b>None</b>     | <b>79,828</b>              | <b>833</b>                       | <b>22,721</b>               | <b>229</b>              | <b>154,441</b>        |
| 6  | Nikko Ant Factory      | Securities firm | 59,979                     | 353                              | 23,922                      | 72                      | 144,141               |
| 7  | Mizuho Capital         | Bank            | 47,108                     | 1,133                            | 9,026                       | 173                     | 51,000                |
| 8  | Mitsubishi UFJ Capital | Bank            | 43,250                     | 1,216                            | 7,918                       | 155                     | 33,063                |
| 9  | TOKYO Marine Capital   | Insurance firm  | 41,622                     | 28                               | 8,123                       | 10                      | 66,660                |
| 10 | SBIC EAST JAPAN        | Government      | 40,233                     | 926                              | 4,708                       | 103                     | 11,590                |

Note1: (Source)Venture Capital Survey by the Nikkei Daily

# JAIC at Present

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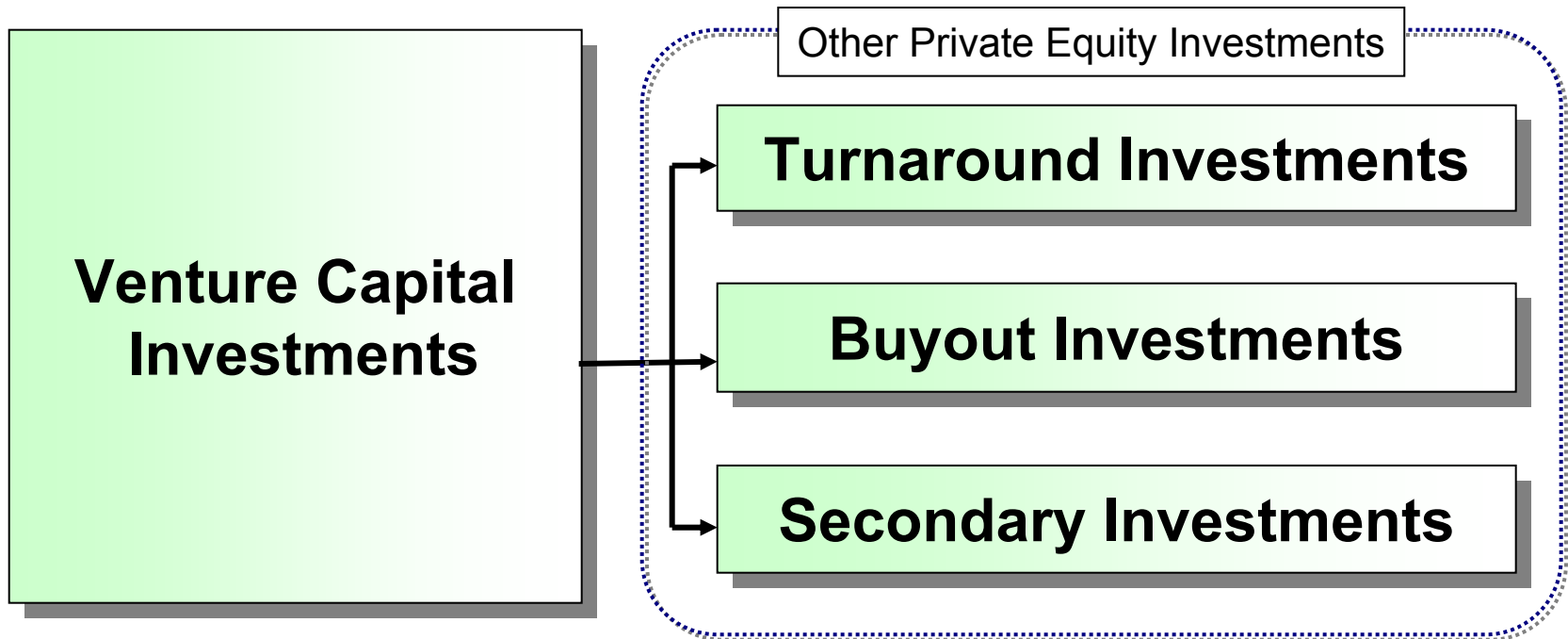
- **Total Asset : \ 103 billion** (At Sep.30, 2007)
- **Net Asset : \ 60 billion**
  
- **Total Amount of Investment Funds:**  
66 funds \ 145 billion
- **Total Balance of Investment :**  
  **\ 87 billion**
  - VC Investments : \ 65 billion (793 Companies)**
    - Japan \ 39 billion (590 Companies)**
    - Overseas \ 26 billion (203 Companies)**
  - Other PE Investments : \ 21 billion (54 Companies)**

# History

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- 1981- Established by *Keizai Doyukai*  
(Japan Association of Corporate Executives)
- 1985- Became a semi-governmental corporation,  
government organization (OECF) as a major  
shareholder (privatized in 1989)
- 1988- Started VC investment
- 1996- Listed on JASDAQ (Code : 8518)
- Currently conducting VC investments in various industries, and also  
expanding to other PE investment, such as buyouts and turnaround  
investments.

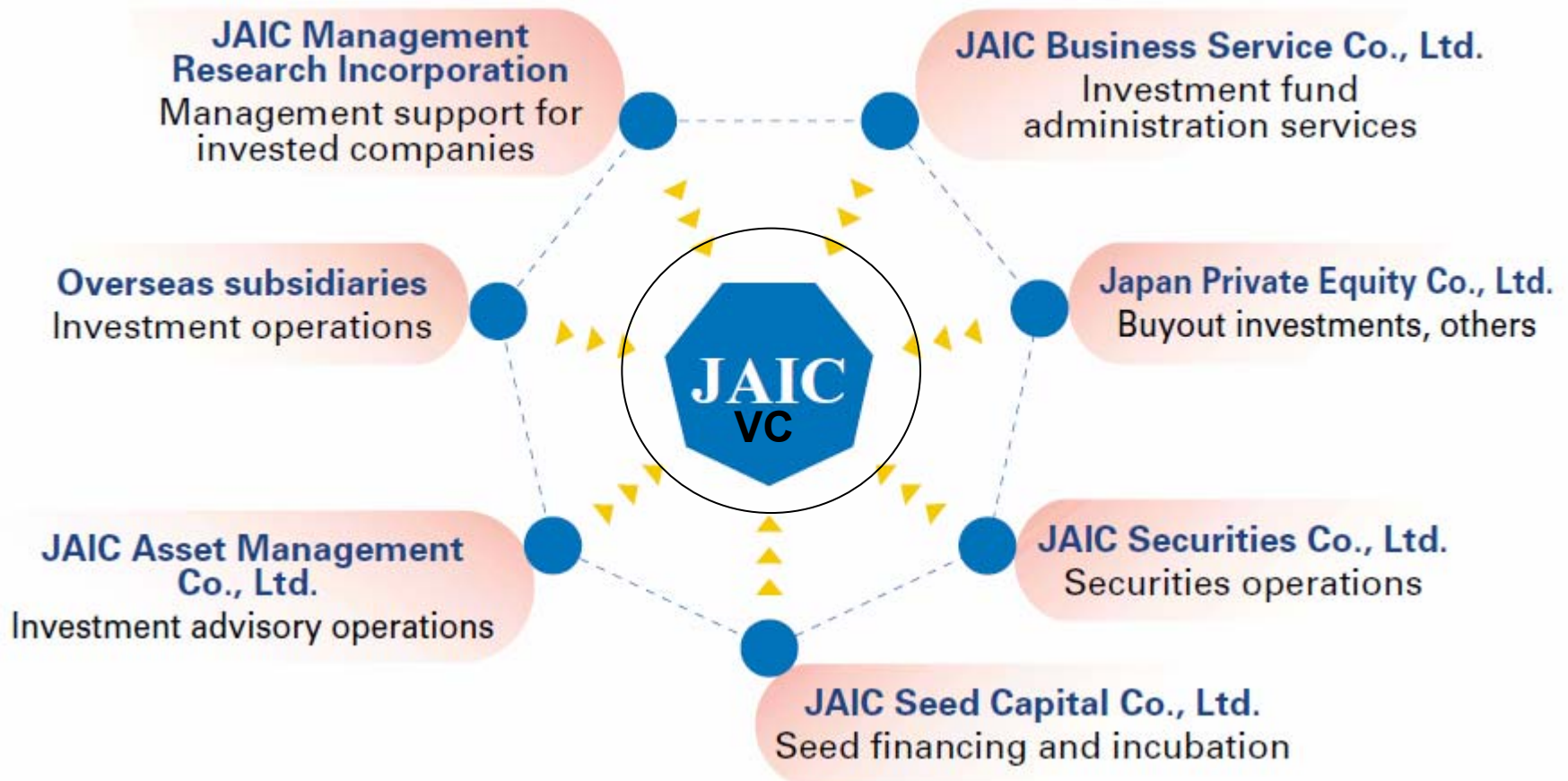
# Business Portfolio



- To capture many business opportunities deriving from core VC business.
- To construct diversified business portfolio besides VC.

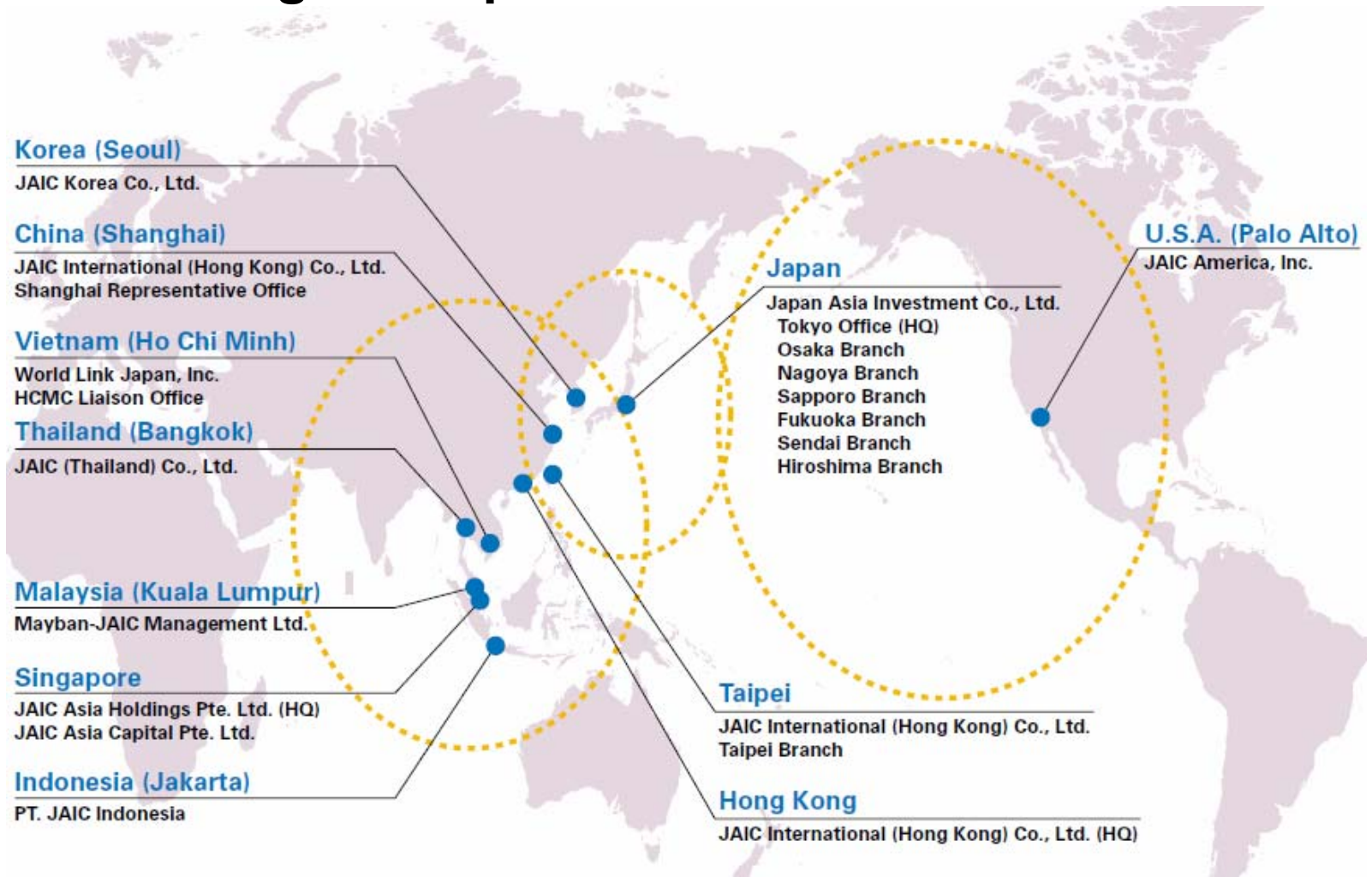
# Group Strategy

**Group solely designed to focus on private equity investment businesses.**



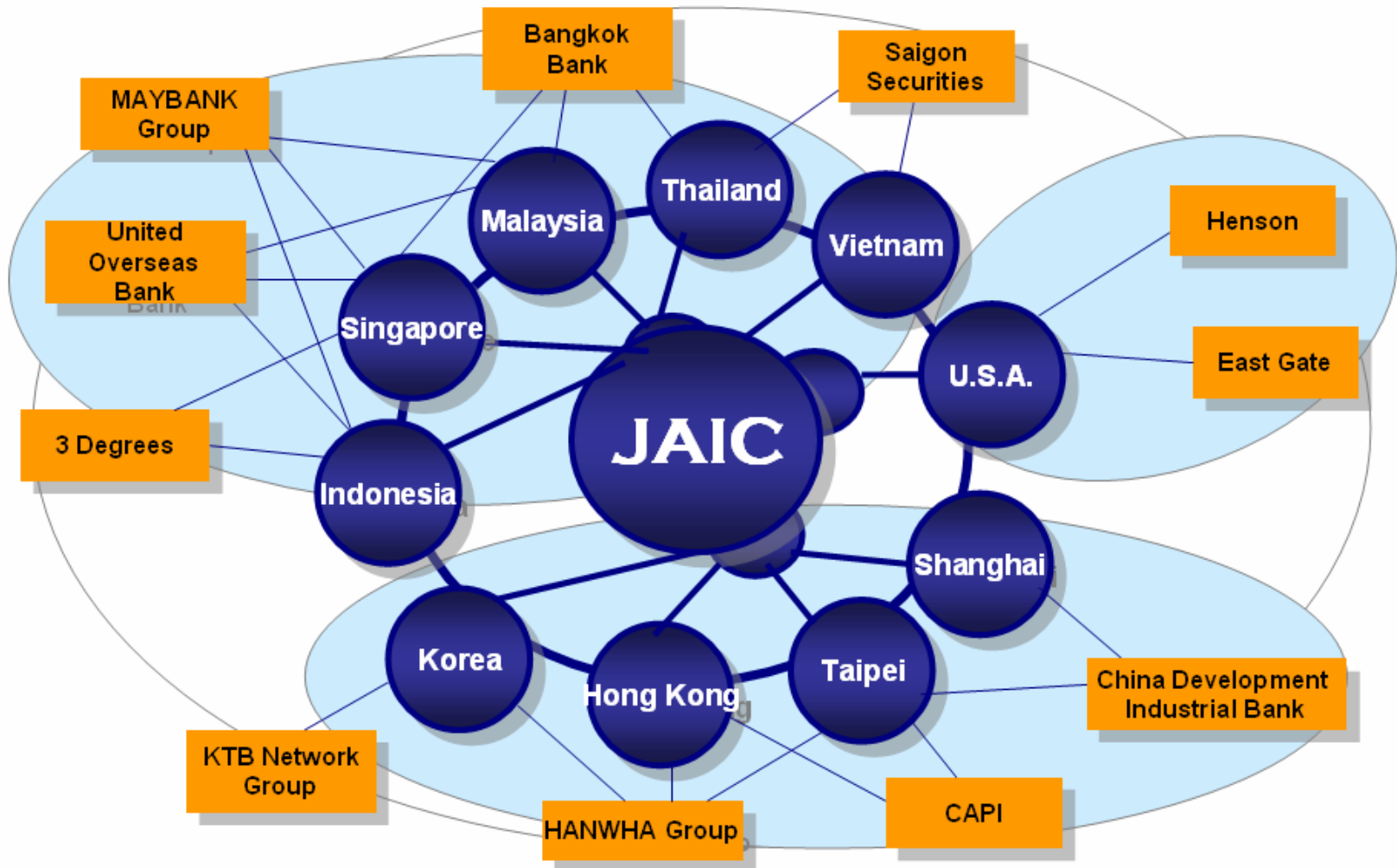
# Global Linkage Network

JAIC has the largest number of domestic and overseas entities among the Japanese VCs.



# Towards More Effective Global Linkage Operation

Integration of all units and strategic partners is achieving significant results and growth.



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**Thank you very much.**