VEC YEARBOOK 2014

— Annual Report on Japanese Startup Businesses 2014 —

April 2015

Venture Enterprise Center, Japan

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I. Analysis: Retrospect and Prospect of Startup Businesses in 2014

Foreword

It is my pleasure to publish the “VEC YEARBOOK 2014 -Annual Report on Japanese Startup Businesses 2014-” in cooperation with our collaborators. We are proud to author the only report that provides comprehensive coverage of Japan’s venture capital and startup businesses, which is often quoted in academic literature and by the media.

Total annual amount of venture capital investments and loans reached just short of ¥100 billion in FY 2009, a year after the financial crisis. After some fluctuations, total annual investments reached ¥181.8 billion in FY 2013, achieving a year-on-year increase of 77.2%. Looking at the breakdown of Japanese and overseas investments and loans, which is provided from this year, investments in Japan showed a year-on-year increase of 45.1% to ¥71.8 billion, while investments outside Japan doubled to reach ¥109.3 billion, an unexpectedly large amount that indicates the high growth of overseas investments. We believe an increasing number of investments are being made based on expectations of growth in Asian countries.

Accelerating startup businesses has become one of the policy pillars of the Japan Revitalization Strategy promoted by the Abe administration. The Minister of Economy, Trade and Industry announced the establishment of the Venture Business Creation Council in September 2014. Each ministry is believed to have included a series of new venture-related schemes in the budget for next fiscal year. In the “VEC YEARBOOK 2014,” we cover the initiatives of individual ministries to support startup businesses to the extent possible, in addition to providing detailed information on trends of startup companies in Japan.

There has been a recent trend to involve large companies in the government’s venture policy. I believe it is a rational approach for Japan to concentrate everything from people, assets, and money to technologies in large companies. When establishing VEC in 1975, there were discussions as to which policy—small and medium enterprise (SME) policy or industrial policy—venture initiatives should be included in. Because startup companies are SMEs, there is no problem including the initiatives in the SME policy. However, because startup companies are not stability-oriented SMEs, but aim to achieve high growth, the decision was made to include venture initiatives in the industrial policy. Because past venture initiatives by the government focused on how to accelerate business establishment, they never went beyond the SME policy. Looking at the recent trend to facilitate collaboration between large companies and startups, it is finally making sense why venture initiatives were included in the Japanese government's industrial policies.

I participated in SLUSH 2014, an annual event held in Helsinki, Finland, from November 18 to 19. I experienced first hand the enthusiasm of 14,000 people from 79 countries packed into a large convention hall. Seeing the challenges of Finland and Europe before my eyes, I felt a sense of urgency for my country, Japan.

There is no doubt that Silicon Valley will continue to attract attention globally. At VEC, in cooperation with young entrepreneurs who are thriving in the region, we have focused on incorporating the flavor of Silicon Valley into the “VEC YEARBOOK 2014.”

In addition to pharmaceutical and drug discovery, energy and environment, and big data, the robotics industry is attracting growing attention from venture capitalists. The robots we are talking about here are not conventional industrial robots but collaborative, or co-robots, which can be used by SMEs or by nursing care and welfare facilities. It will no longer be a dream to see robots working side-by-side with people in factories.

I offer my deepest gratitude to those who participated in our surveys and interviews. We will continue improving our statistics so that we can provide even more useful and relevant information. Thank you for your continued support.

Venture Enterprise Center, Japan
President Ryuji Ichikawa

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§1. Startup Investment Trends in Japan

1.1 Venture Capital Investment Trends

(1) Venture Capital Investment Trends in FY 2013

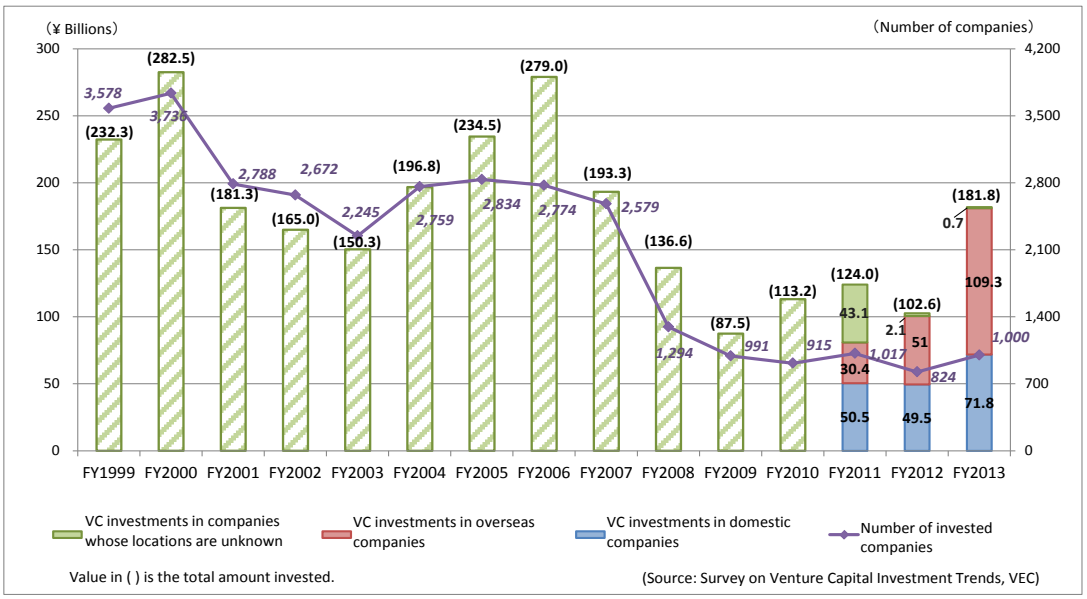
1. Overview of Investment Conditions in FY 2013: ¥181.8 billion, Showing a Steady Increase

The total amount of investments by Japanese venture capital (VC) firms in FY 2013 (April 2013 to March 2014) was ¥181.8 billion, with investments in a total of 1,000 startup companies (**See Figure 1-1-1**). Compared to FY 2012, the investment amount rose 77.2%, with a 21.4% increase in the number of startup companies receiving investments. Investment per company was ¥182 million (**See Figure 1-1-2**), a 45.6% increase compared to the previous year (¥125 million).

Since bottoming out in FY 2009, a year after the financial crisis, investments in startups have been on the rise, with the exception of FY 2012. However, it has not reached the peak level (around ¥280 billion) achieved from FY 2000 to FY 2007.

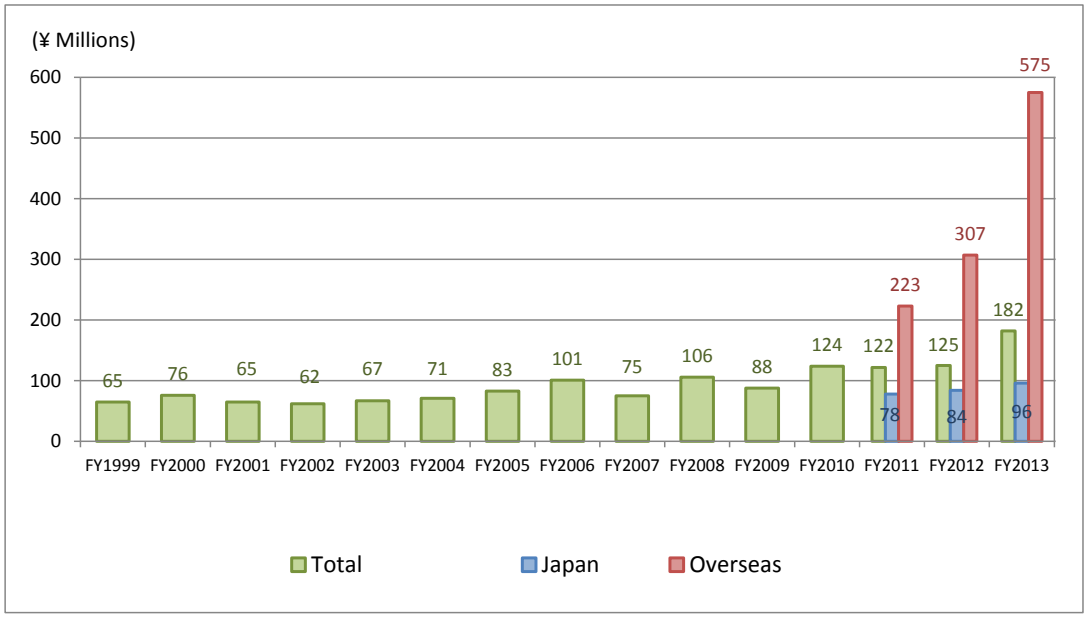
The amount of investments saw a remarkable increase in FY 2013. Looking at the breakdown by investment destination, investments in domestic companies totaled ¥71.8 billion, a 45.1% increase compared to FY 2012, while ¥109.3 billion was invested in overseas companies, a 114.3% increase compared to FY 2012, which is a considerably large amount.

Figure 1-1-1 Trend of Investments and Loans by Japanese Venture Capital



Note: Applicable period for each year is as follows:
FY 1999: July 1999 to June 2000; FY 2000 to 2002: October to September of the following year
FY 2003 and later: April to March of the following year
Only the total amount is listed until FY 2010.

Figure 1-1-2 Investments and Loans per Company (Average)

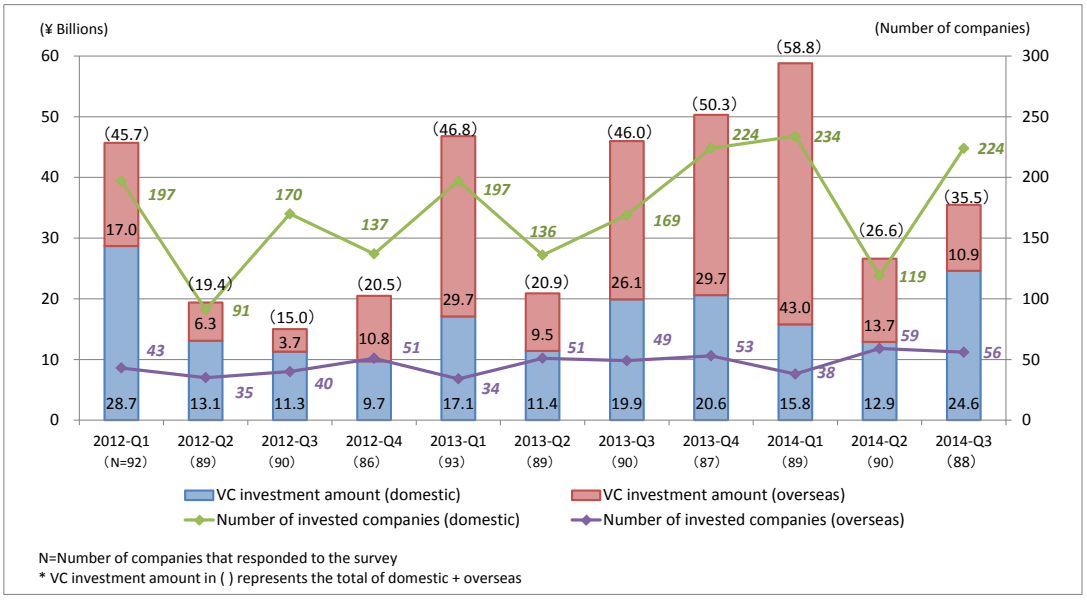


2. Quarterly Trend of VC Investments

Since 2013, VEC has analyzed the quarterly trend of VC investments, which is published in "VEC Venture News." Figure 1-1-3 shows the quarterly trend of VC investments up to Q3 2014 released in "VEC Venture News."

Looking at the results for FY 2013, the annual investments (¥176.0 billion, preliminary data) calculated by adding investment for four quarters in the quarterly analysis, are significantly smaller than the annual investments (¥181.8 billion) in the annual survey. This is mainly due to additional VCs that responded to the annual survey.

Figure 1-1-3 Trend of Investments by Japanese Venture Capital



3. Investment Trends by Industry and Stage

A: Industry Analysis

When examining the breakdown of investments by industry in FY 2013 (**See Figure 1-1-4**), investment in IT-related industries (mainly computers, mobile, and communications) decreased from 59.5% in FY 2012 to 49.5% in FY 2013, while investment in Biotech/Medical Services/Healthcare saw a significant increase from 11.9% to 20.5%.

Looking at the FY 2013 results by the number of companies invested (**See Figure 1-1-5**), the percentage of IT-related is almost the same as that of the JPY value invested. However, the percentage of Industrial/Energy/Other Industries exceeded 20%, while that of Biotech/Medical Services/Healthcare decreased to around 10%.

Figure 1-1-4 Investment Distribution by Industry
(Percentage of JPY value invested)

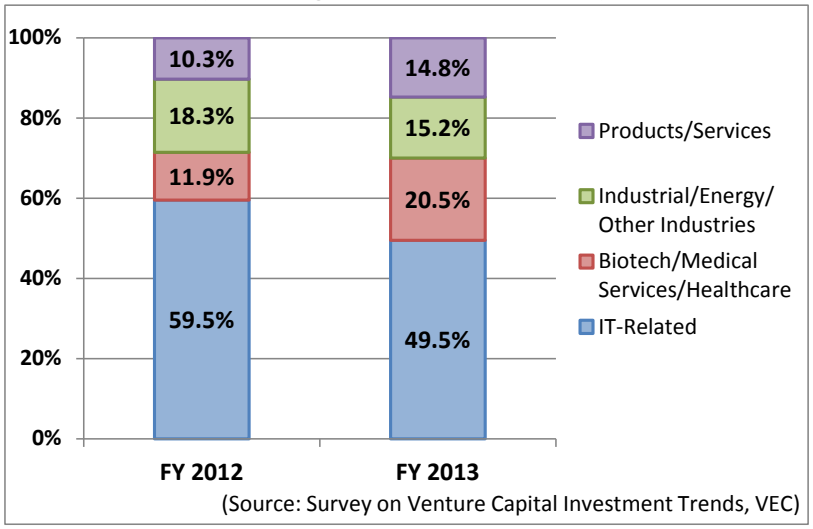
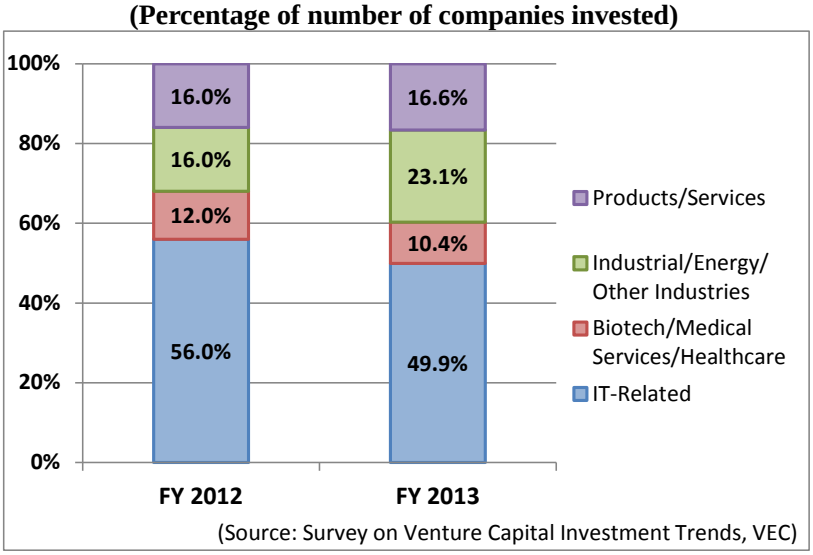


Figure 1-1-5 Investment Distribution by Industry
(Percentage of number of companies invested)



B: Stage Analysis

When examining investment distribution by stage (**See Figure 1-1-6**), FY 2013 saw a slight decrease in Seed stage businesses, down from 22.5% in FY 2012 to 19.4% in FY 2013. Together with Early stage businesses, these first two stages reached a combined total of 64.5%, up from 57.8% in FY 2012. This indicates that mainstream VC investments are shifting further towards Seed/Early stage businesses.

Looking at the FY 2013 results by the percentage of the number of companies invested (**see Figure 1-1-7**), Later stage businesses exceeded 30% and accounted for almost the same percentage as Early stage businesses. However, the percentage of Seed/Early stage businesses continues to exceed the majority at 51.6%.

Figure 1-1-6 Investment Distribution by Stage
(Percentage of JPY value invested)

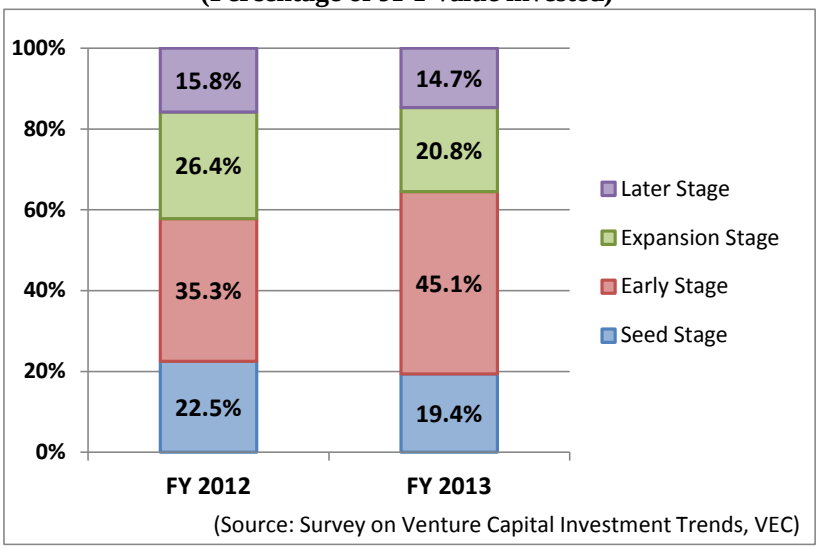
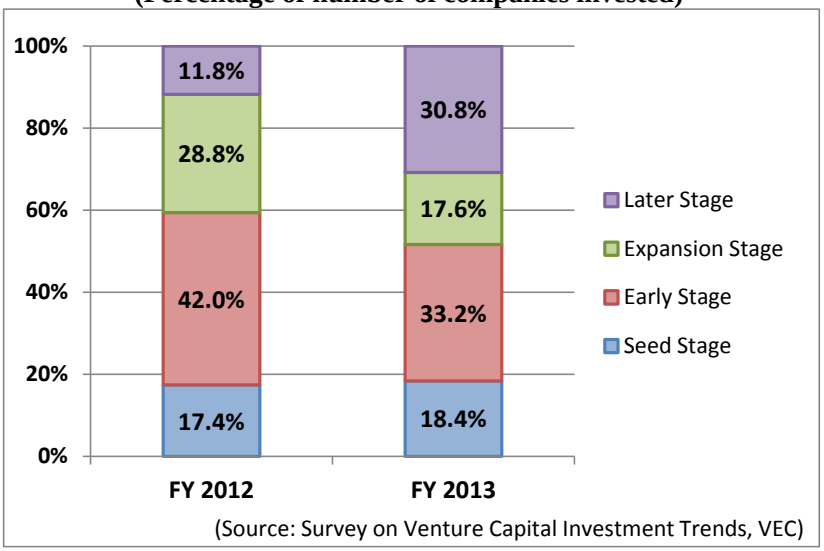


Figure 1-1-7 Investment Distribution by Stage
(Percentage of number of companies invested)

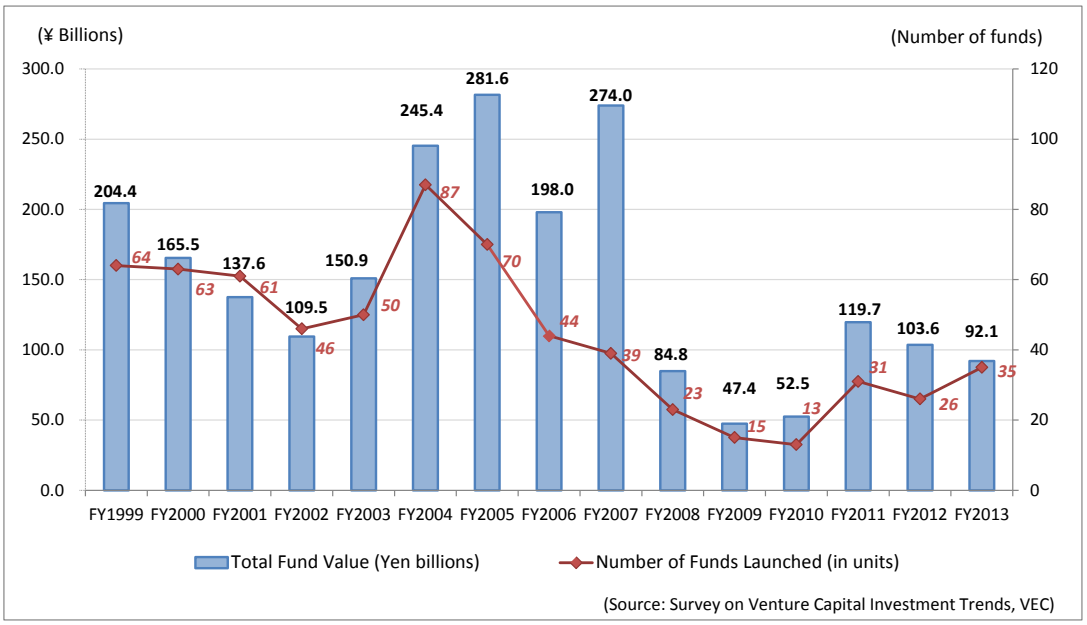


(2) New Venture Capital Funds Launched

1. New VC Funds Launched in FY 2013

In FY 2013, 35 VC funds were launched with a total fund value of ¥92.1 billion. Although the number of new VC funds launched decreased from FY 2008 to FY 2010, it has been on the rise since FY 2011. However, the total fund value of new funds decreased slightly in FY 2012 and FY 2013.

Figure 1-1-8 Number of New Funds and Total Fund Value

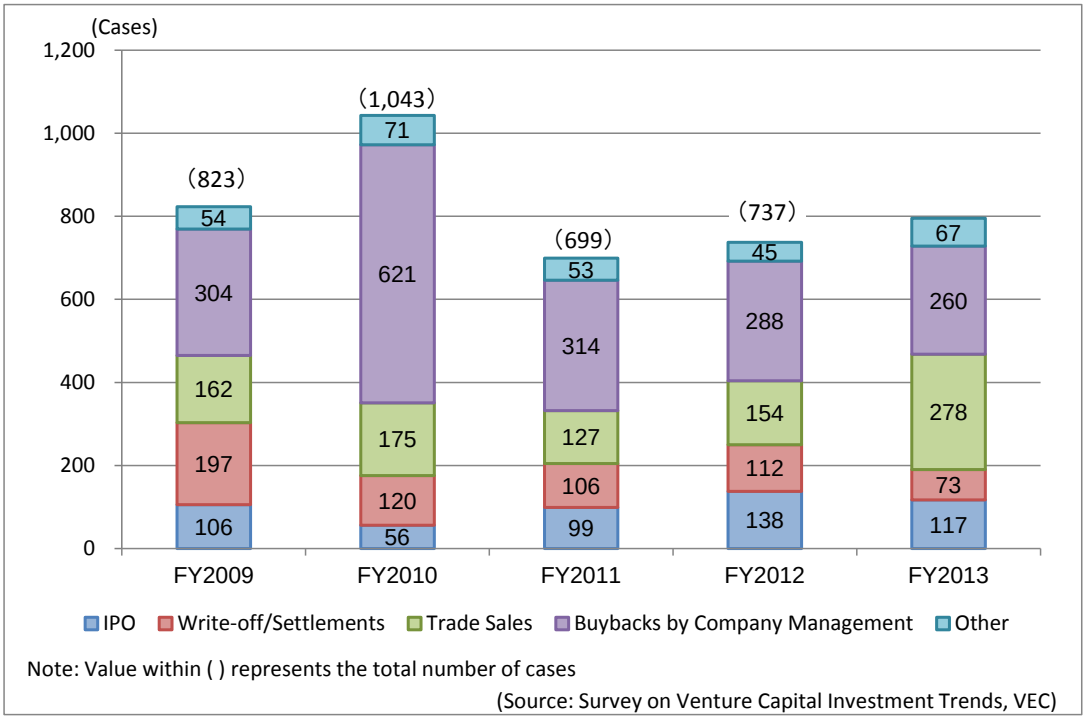


(3) Status of Investment Exits

1. Status of Exits for FY 2013

The number of trade sales (including M&A) increased sharply in FY 2013. This increase is believed to have been caused mainly by strategic trade sales.

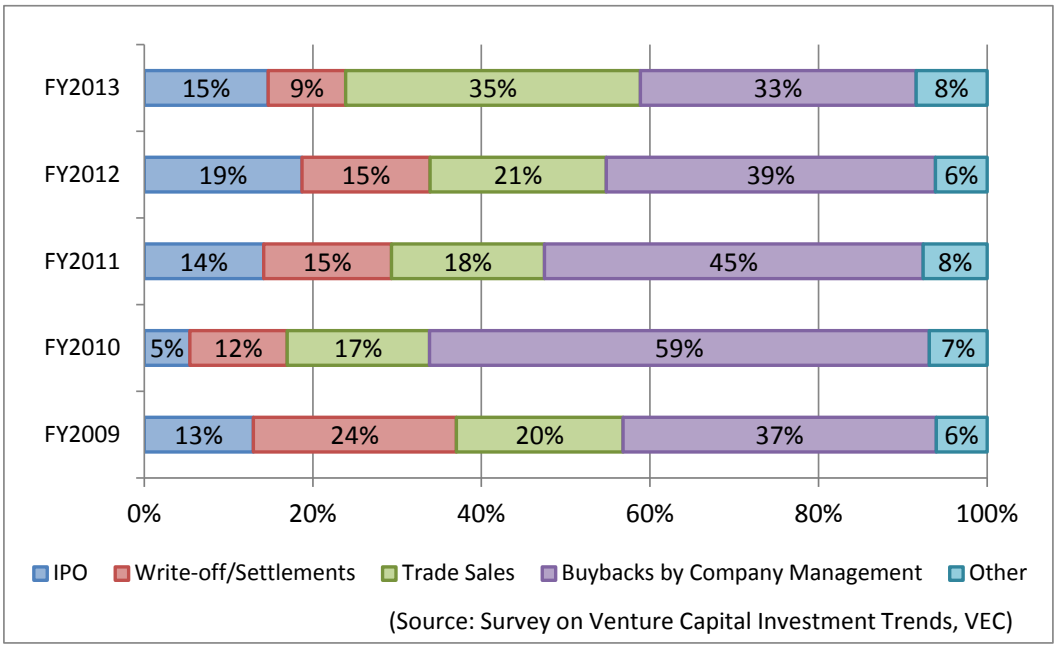
Figure 1-1-9 Number of Exits by Type



Note: Value within ( ) represents the total number of cases

(Source: Survey on Venture Capital Investment Trends, VEC)

Figure 1-1-10 Percentage of Number of Exits by Type



(Source: Survey on Venture Capital Investment Trends, VEC)

Column 1: Reemergence of buy-back clause amid a bubble

Startup companies have been raising large amounts of funds in recent years. Meanwhile, venture capital (VC) continues to include clauses in investment agreements requiring startup companies to redeem or buy back stocks if they fail to get listed within a designated period after a capital increase.

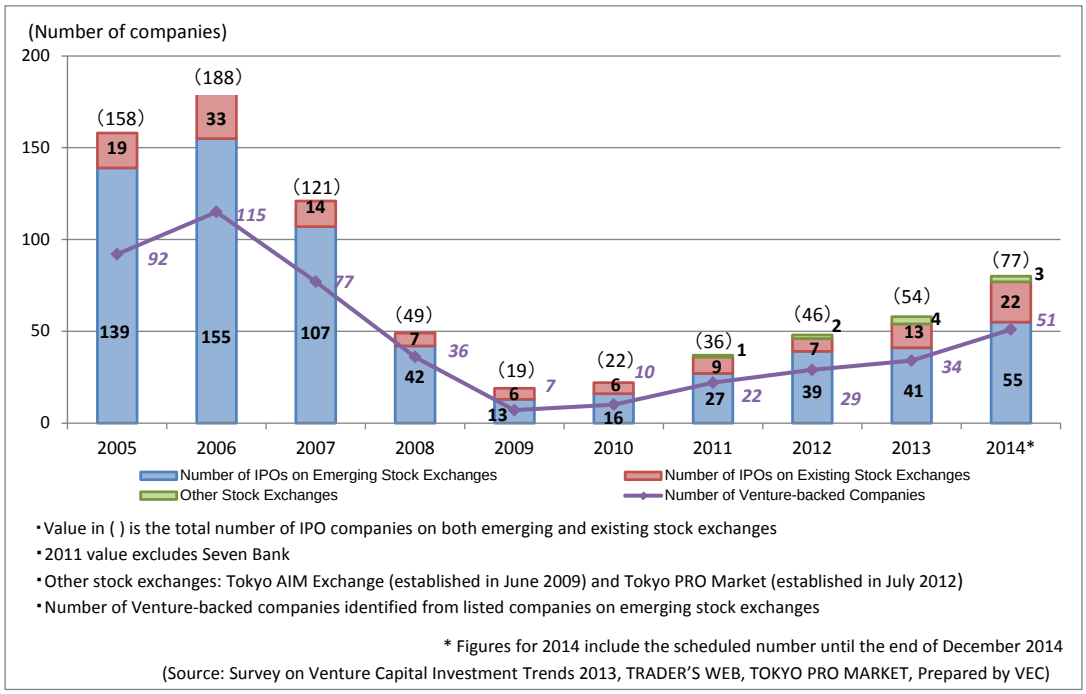
Buy-back clauses has existed since investing in Later stage businesses was mainstream. As the investment behavior of VCs in Japan become more aligned with global practices, VC started to exclude buy-back clauses from their agreements, considering that the clause would be disadvantageous to entrepreneurs. Despite a temporary decrease in the inclusion of buy-back clauses, there is an emergence of even stricter clauses that require startup companies with relatively short histories to be listed within a period of six months to one year.

Among the reasons why clauses that look disadvantageous to startup executives were accepted was the successful match between startup companies wanting to raise large amounts of funds and VC eager to demonstrate prompt investment execution for its investors (LP). Because the stock market is doing relatively well, the path to an IPO seems to be clearly in sight. This is the reason why startup companies are believed to be accepting these investment agreements.

2. IPO Trends

About 80 IPOs are expected in 2014. Reviewing the past decade, following the financial crisis in the Fall of 2008, the number of IPOs decreased sharply in 2009 (19 IPOs). However, the number of IPOs started to increase gradually in 2010 and exceeded 50 in 2013 for the first time in six years.

Figure 1-1-11 Number of IPOs



・Value in ( ) is the total number of IPO companies on both emerging and existing stock exchanges
・2011 value excludes Seven Bank
・Other stock exchanges: Tokyo AIM Exchange (established in June 2009) and Tokyo PRO Market (established in July 2012)
・Number of Venture-backed companies identified from listed companies on emerging stock exchanges

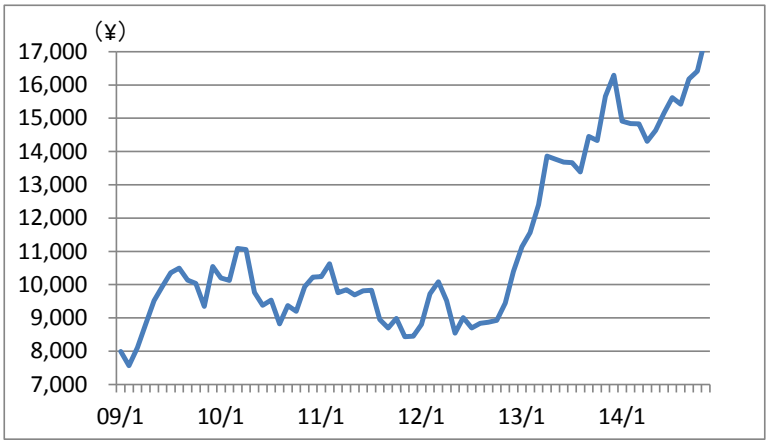
* Figures for 2014 include the scheduled number until the end of December 2014

(Source: Survey on Venture Capital Investment Trends 2013, TRADER'S WEB, TOKYO PRO MARKET, Prepared by VEC)

Based on the Nikkei Stock Average, the stock market began rising from about October 2012, hovered at around ¥14,000, and then reached ¥16,000 about a year later.

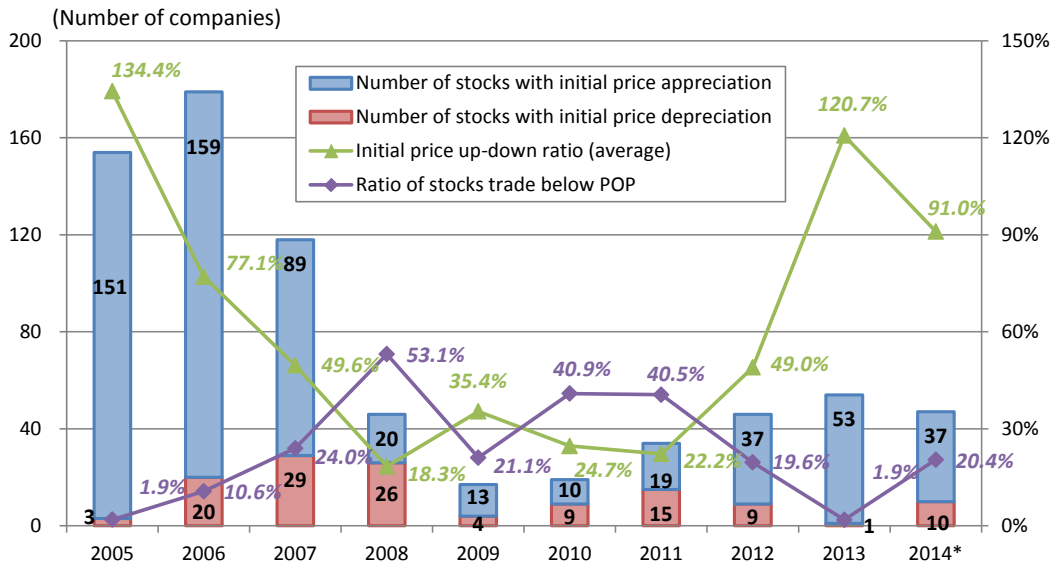
In the first half of 2014, the stock market fell to the ¥14,000 level, started to recover again around June, and then reached ¥17,000 in November for the first time in seven years.

Figure 1-1-12 Trend of Nikkei Stock Average (Jan 2009 - Nov 2014)



(Source: Nikkei Inc. Prepared by VEC)

Figure 1-1-13 Initial Price Appreciation and Depreciation, Stocks Traded Below POP, and Initial Price Up-down Ratio Average



Number of stocks with initial price appreciation: Number of stocks whose initial price exceeded public offering price (POP)
Number of stocks with initial price depreciation: Number of stocks whose initial price fell below POP
Initial price up-down ratio: Up-down ratio of initial price vs. POP
Ratio of stocks trade below POP: Percentage of stocks whose initial price fell below POP

* Figures for 2014 are as of the end of November 2014

* Excludes Tokyo AIM in 2011 and Tokyo PRO MARKET from 2012 to 2014

(Source: TRADER'S WEB, Prepared by VEC)

Figure 1-1-14 Summary of IPOs in 2014 (as of end-November 2014, plans for December)

	Listing Date	Market	Stock Name	Industry	Initial Price Up-Down Ratio	2014 Nov-End Up-Down Ratio vs. Initial Price
1	2/13	Mothers	Acucela	Pharmaceutical	28%	-65%
2	3/6	JASDAQ	CYBERLINKS	Information/Telecommunications	173%	-78%
3	3/12	TSE 2	Nippon BS Broadcasting	Information/Telecommunications	7%	-55%
4	3/12	Mothers	EnBio Holdings	Service	126%	-47%
5	3/13	TSE 1	DaikyoNishikawa	Chemical	12%	97%
6	3/18	TSE 1	Hitachi Maxell	Electric Equipment	-5%	-8%
7	3/19	TSE 1	Japan Display	Electric Equipment	-15%	-49%
8	3/20	JASDAQ	HOTMAN	Retail	68%	-45%
9	3/25	Mothers	Minnano Wedding	Information/Telecommunications	27%	-69%
10	3/26	Mothers	DLE	Information/Telecommunications	101%	-67%
11	3/26	Mothers	CYBERDYNE	Precision Equipment	130%	-61%
12	3/28	JASDAQ	Escrow Agent Japan	Service	200%	36%
13	4/8	JASDAQ	TOREX SEMICONDUCTOR	Electric Equipment	-10%	90%
14	4/8	TSE 2	MARUWA UNYU KIKAN	Ground Transport	-9%	-39%
15	4/18	TSE 1	JOYFUL HONDA	Retail	-2%	57%
16	4/23	Mothers	Fixstars	Information/Telecommunications	162%	-63%
17	4/23	JASDAQ	Shirohato	Retail	46%	3%
18	4/23	TSE 1	SEIBU HOLDINGS	Ground Transport	0%	40%
19	5/22	JASDAQ	Toubujyuhan	Real Estate	12%	-30%
20	6/16	JASDAQ	NEWTON FINANCIAL CONSULTING	Insurance	-8%	-3%
21	6/18	Mothers	MUGEN ESTATE	Real Estate	10%	6%
22	6/24	Mothers	FreakOut	Service	250%	-49%
23	6/25	NSE 2	Poval Kogyo	Chemical	7%	31%
24	6/25	TSE 2	OAT Agrio	Chemical	-6%	-39%
25	6/27	Mothers	MedPeer	Service	131%	-83%
26	6/27	Mothers	RareJob	Service	170%	2%
27	7/2	Mothers	VOYAGE GROUP	Information/Telecommunications	40%	-25%
28	7/10	JASDAQ	Torikizoku	Retail	121%	24%
29	7/15	Mothers	IGNIS	Information/Telecommunications	342%	-38%
30	7/23	TSE 2	NIPPON VIEW HOTEL	Service	-2%	-27%
31	9/11	Mothers	Japan Investment Adviser	Securities/Commodity Futures	126%	99%
32	9/17	Mothers	LOCKON	Information/Telecommunications	287%	-16%
33	9/18	Mothers	REALWORLD	Information/Telecommunications	78%	-40%
34	9/19	Mothers	AMBITION	Real Estate	62%	38%
35	9/24	Mothers	GENERATION PASS	Retail	119%	-45%
36	9/25	Mothers	RIBOMIC	Pharmaceutical	-20%	-13%
37	9/30	Mothers	HOTLAND	Retail	177%	18%
38	9/30	Mothers	FFRI	Information/Telecommunications	-2%	321%
39	10/8	TSE 2	YAMASHIN-FILTER	Machinery	20%	2%
40	10/9	TSE 1	SKYLARK	Retail	0%	2%
41	10/16	TSE 1	Recruit Holdings	Service	2%	23%
42	10/21	Mothers	GMO Research	Information/Telecommunications	133%	39%
43	10/22	Mothers	OPTiM	Information/Telecommunications	260%	86%
44	10/22	Mothers	CERES	Information/Telecommunications	55%	-17%
45	10/30	Mothers	AlphaPolis	Information/Telecommunications	93%	-37%
46	11/7	Mothers	ELAN	Service	70%	7%
47	11/13	Mothers	SHIFT	Information/Telecommunications	362%	23%
48	11/26	NSE 1	Japan PC Service	Service	68%	11%
49	11/27	Mothers	CRI Middleware	Information/Telecommunications	463%	-
50	12/11	Mothers	B-Lot	Real Estate	-	-
51	12/11	Mothers	Bengo4.com	Service	-	-
52	12/11	Mothers	GMO TECH	Service	-	-
53	12/11	Mothers	Snow Peak	Other Product	-	-
54	12/12	Mothers	CrowdWorks	Information/Telecommunications	-	-
55	12/15	TSE 1	TechnoPro Holdings	Service	-	-
56	12/16	Mothers	artra	Service	-	-
57	12/16	TSE 2	SFP Dining	Retail	-	-
58	12/16	Mothers	U-NEXT	Information/Telecommunications	-	-
59	12/16	JASDAQ	MarkLines	Information/Telecommunications	-	-
60	12/16	Mothers	Medical Data Vision	Information/Telecommunications	-	-
61	12/17	JASDAQ	The Imamura Securities	Securities/Commodity Futures	-	-
62	12/17	TSE 2	Takemoto Yohki	Chemical	-	-
63	12/17	Mothers	FRUTA FRUTA	Food	-	-
64	12/18	TSE 2	DAIREI	Food	-	-
65	12/18	Mothers	Adventure	Service	-	-
66	12/18	TSE 1	gumi	Information/Telecommunications	-	-
67	12/19	TSE 1	METAWATER	Electricity/Gas	-	-
68	12/19	Mothers	Scigineer	Service	-	-
69	12/22	Mothers	eREX	Electricity/Gas	-	-
70	12/22	Mothers	Interworks	Service	-	-
71	12/24	TSE 2	Watahan & Co	Retail	-	-
72	12/24	JASDAQ	Yossix	Retail	-	-
73	12/24	Mothers	Datasection	Information/Telecommunications	-	-
74	12/25	TSE 2	TOKYO BOARD INDUSTRIES	Other Product	-	-
75	12/25	Mothers	KAYAC	Information/Telecommunications	-	-
76	12/25	Mothers	EXTREME	Service	-	-
77	12/26	Mothers	MRT	Service	-	-

78	7/14	TOKYO PRO MARKET	CHUOU INTERNATIONAL GROUP	Service
79	7/15	TOKYO PRO MARKET	HAKATA TAKUMI KOUGEI	Retail
80	10/20	TOKYO PRO MARKET	E-ComeTrue	Information/Telecommunications

(Source: TRADER'S WEB, TOKYO PRO MARKET, Prepared by VEC)

Column 2: “Venture stock prices are a bubble,” Venture capitalists comment at a conference

Venture capitalists have started to point out that stock prices at third-party allotments of startup companies are creating a bubble. Venture capitalists who provide funds commented negatively:

“It’s a bubble.” “Prices are too high.” “There is no foundation for stock prices.” Capitalists expressed their opinions at an international conference on startups held in early September 2014.

A large number of conferences and events for venture capitalists have been held in recent years, making it easier to keep abreast of comments made by specific venture capitalists. Venture capitalists who commented “It’s a bubble” did not make such comments in early spring.

A partner of a Japanese VC based in Singapore pointed out that the number of entrepreneurs is low compared to the funds available. Financial institutions and corporations are providing VCs with a certain level of funds. However, the number of entrepreneurs to invest in is small. According to an analysis by the partner, the concentration of funds on particular entrepreneurs has resulted in the creation of a bubble. Southeast Asia has not seen such a situation due to the large number of entrepreneurs.

However, the current situation looks different from the period 1999 and 2000, when there was a bubble. A partner of another VC interprets the current situation as “a mixture of wheat and chaff, where both valuable and not so valuable startup companies are financed at high prices.” Venture capitalists have also said that there are startup companies whose growth can be expected to match stock prices.

3. M&A Trends

According to research by RECOF Corporation, 14 startup companies were acquired by Japanese companies in one year from November 2013 to October 2014, showing that the number of M&As itself is not so high. Looking at the breakdown, the Software/Information industry had the most M&A activity with four, followed by three in the Electrical industry, and two in the Service industry.

Figure 1-1-15 Major M&A by Japanese Companies

Industry	Date	Acquiring company	Acquired company	Business of acquired company	Amount
Software/ Information	April 2014	Universal Solution Systems Inc	ASKA T3 Co., Ltd.	Development and sale of self-order systems for the restaurant industry	¥378 million
Software/ Information	March 2014	Hearts United Group Co., Ltd.	Premium Agency Inc.	CG image production including development of social network games	¥377 million
Software/ Information	September 2014	Canon Marketing Japan Inc. (Canon MJ)	AZE	IT venture	
Software/ Information	October 2014	DeNA Co., Ltd.	iemo, peroli, inc.	A startup company operating curation platforms	¥5 billion
Electrical	December 2013	Transphorm, Inc.	Transphorm Japan Inc.	Integration of GaN power device business	
Electrical	October 2014	Yanmar Co., Ltd.	estir Co., Ltd. (Panasonic subsidiary)	Handling Stirling engines	
Electrical	October 2014	Current management of SMACH Co., Ltd.	SMACH Co., Ltd. (Panasonic subsidiary)	Production of industrial motor control components	
Services	March 2014	GaiaX Co. Ltd.	Venture PR Co., Ltd.	Development of PR strategies, business process outsourcing, etc.	
Services	April 2014	ITALL INC.	Meister Factory Co., Ltd.	Incubation office business	
Precision	February 2014	Fujifilm Corporation	Japan Tissue Engineering Co., Ltd. (J-TEC)	Regenerative medicine startup	¥7.38 billion
Restaurant	October 2014	Starbucks Corporation	Starbucks Coffee Japan, Ltd.	Coffee chain	¥99.506 billion
Other Financial	April 2014	Current management of Cybozu Startups, Inc. (Cstap)	Cybozu Startups, Inc. (Cybozu subsidiary)	Startup and investment businesses of Cybozu	¥35 million
Transportation/ Warehouse	September 2014	PLUS Corporation	Tokyo Syoji	Light freight transportation, transportation intermediary	
Other Retail	October 2014	CS Loginet Inc.	two-five	Management of music schools and music instrument shops equipped with practice studios	¥119 million

(Source: RECOF Corporation M&A information (searched with the following keywords: venture M&A))

Column 3: Listed venture companies are accelerating acquisitions of startups

There has been a growing trend among listed venture companies to acquire relatively new startup companies with the aim of achieving further growth. That trend has started to extend to new startups that have no record of sales.

DeNA Co., Ltd. announced a plan to acquire two curation platform operators for ¥5.0 billion in October 2014. In November, Hottolink, Inc. announced a plan to acquire Effyis, Inc. (Michigan State), a company operating in the social media data industry in the United States, for $22.0 million. The company aims to expand quickly into the global market through M&As. CyberAgent, Inc. acquired the “koebu” business, a voice-specific community website, from Kayac Inc. (Kamakura-shi, Kanagawa Prefecture) in September. Listed venture companies are attracting growing expectations from the stock market for their high growth potential. Meanwhile, startups and VCs are making investments with the aim of exiting early at high stock prices. Given that the intentions of those acquiring and those being acquired are matched, this trend is expected to accelerate in the future.

DeNA Co., Ltd. acquired “iemo”, a curation platform for housing information, operated by iemo and MERY, a curation platform for ladies fashion information, operated by “peroli”. The details of the acquisitions have not been disclosed.

“iemo” was established in December 2013. Serial entrepreneur Mari Murata secured funding from VC, B Dash Ventures Inc., and achieved an exit nine months after it was established. She is repeating, at high speed, the business model of setting up a new business and achieving an exit. She has sold startup companies she managed to gumi Inc. and to other companies.

“peroli” shareholders consist of VCs such as East Ventures and ANRI. Both companies are forming funds using capital provided by founders and managers of IT and Internet startups. Listed venture companies, which are potential buyers, are obtaining information on investment targets through investors’ meetings and other events at an early stage. They can get investment returns in a shorter time than by pursuing an initial public offering (IPO) after achieving a certain level of growth.

Brokerage firms have not actively engaged in M&As involving startup companies, due mainly to the small sizes of their businesses.

1.2 Funds to Spur Growth of Startups

(1) Funds to Spur Growth of Startups in Japan: Private Sector

1. Business Corporations (Private Non-financial Corporation Sector)

According to the "Flow of Funds" of the Bank of Japan, as of the end of June 2014, cash and bank deposits held by private non-financial corporations totaled approximately ¥229 trillion. These surplus financial assets are expected to become sources of funds that spur the growth of startups.

Non-financial corporations have been accelerating investment and M&A activities involving startup companies since 2013. See below for specific examples.

Figure 1-2-1

Summary of Investments in Startups and VC Funds by Business Corporations

Year	Investor/support company	Details
2013	Mobile phone company, TV company	Made strategic investments in startup companies to discover new business areas and prominent M&A targets
	Large company (Note 1)	Invested $300 million in WiL (U.S. VC)
2014	Large company (Note 2)	Thirteen companies participated in KDDI's platform
	Large company (Note 3)	Announced investments in startup companies

(Source: Websites, Prepared by VEC)

Note 1: More than 10 major Japanese companies, including All Nippon Airways Co., Ltd., Sony Corporation, Nissan Motor Co., Ltd., Nippon Telegraph and Telephone Corporation, three Hakuhodo DY Group companies, Isetan Mitsukoshi Holdings Ltd., JVC KENWOOD Corporation, Daiwa Securities Group Inc., and Benesse Holdings, Inc., are making joint investments.

Note 2: Partnership Program
KDDI CORPORATION provides startup companies with a wide range of support including assistance with service development and management support. In addition, 13 companies participate in the Partnership Program (excluding KDDI) to provide mentoring and support for companies to start up a business within three months.
Mentor companies
KOKUYO Co., Ltd., Seven & i Holdings Co., Ltd., TV Asahi Corporation, PLUS CORPORATION, and MITSUI & CO., LTD.
Support companies
Kinki Nippon Tourist Co., Ltd., Softfront, Dai Nippon Printing Co., Ltd., TOKYU CORPORATION, TOPPAN PRINTING CO., LTD., PARCO CO., LTD, BANDAI NAMCO Games Inc., and Mitsui Fudosan Co., Ltd.
A total of 13 companies provide personnel and management resources.

Note 3: OPT Inc., Nikon Corporation, NTT DATA Corporation, Omron Corporation, Rakuten, Inc., etc.

2. Individual/Household Sector

Financial assets of the household sector at the end of June 2014 totaled approximately ¥1,644 trillion. Of which, cash and bank deposits accounted for ¥873 trillion. About 70% of household assets were owned by those aged 60 years or older, and many of them hold the assets in cash and deposits because of their preference for safety and stability.

According to the "Survey of household finances 2013" conducted by the Central Council for Financial Services Information, the percentage of equities and investment trusts in household financial assets has returned to the pre-Lehman level (September 2008) of 13.8%, supported by an increase in share prices after the end of 2012.

Column 4: Increasing presence of angel investors such as Mr. Kamada, former President of ACCESS, and Mr. Kawada, former director of DeNA

The presence of angel investors has been increasing rapidly in recent years. Angel investors use their personal funds to invest in startup companies and provide them with support including management advice. Owners and directors of startup companies who sell their company's shares through M&A or leave the company after listing are typical angel investors.

Mr. Tomihisa Kamada, former President of ACCESS, is attracting increasing attention as a super angel. His presence increased sharply after it became clear that he was making investments in Schaft, a robotics startup founded at the University of Tokyo, which was later acquired by Google.

His investment themes are University of Tokyo and hardware. AgIC (Bunkyo-ku, Tokyo), one of the startups that dominated 2014 pitch competitions, satisfies both themes.

In addition, he is investing in other manufacturing startups including Whill (California, USA), which is developing next-generation wheelchairs, and Moff, Inc. (Chiyoda-ku, Tokyo), which is developing the Moff Band, a wearable smart device.

One of the startup executives receiving investments said: "Angel investors make decisions quickly and tend to offer more freedom to company management. On the other hand, VCs often say they have to go back and consult with their firms."

Mr. Shogo Kawada, co-founder and former director of DeNA Co., Ltd., also has an extensive track record. Mr. Kawada had the goal of becoming an investor even before he founded the company. With strong financial backing from DeNA shares, he sometimes provides funds in venture rounds, in addition to seed rounds.

Besides the 2014 listing of FreakOut, inc., in which Mr. Kawada was the 10th largest shareholder, he has also invested in SmartNews Inc. (Shibuya-ku, Tokyo), which provides news curation services.

● Angel

For information on the angel tax system, refer to “Angel Tax System (P. I-51).”

● Crowdfunding

Crowdfunding, in which small amounts of funds are collected from an unspecified number of investors through the Internet, is expected to be a new route for supplying risk money mainly in the household sector.

Crowdfunding is categorized into the following six types:

Non-equity crowdfunding

1. Donation-based
2. Reward-based

Equity crowdfunding

3. Lending-based
4. Business fund-based
5. Securities investment fund-based
6. Equity-based

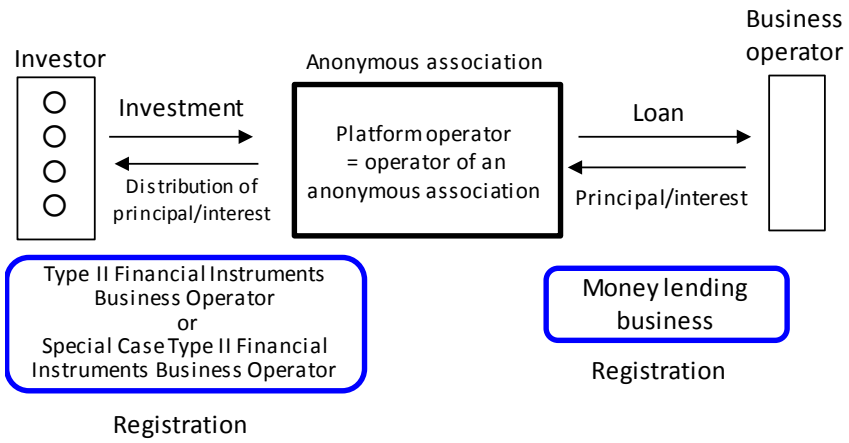
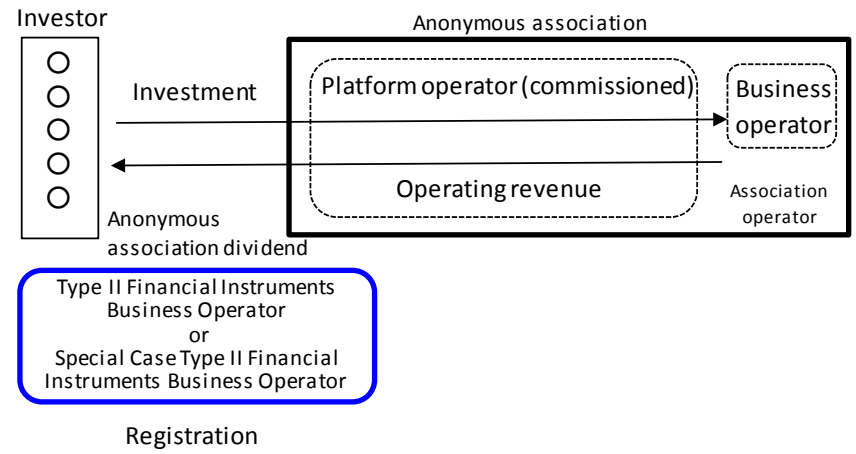
The main characteristics of the six types listed above are described below.

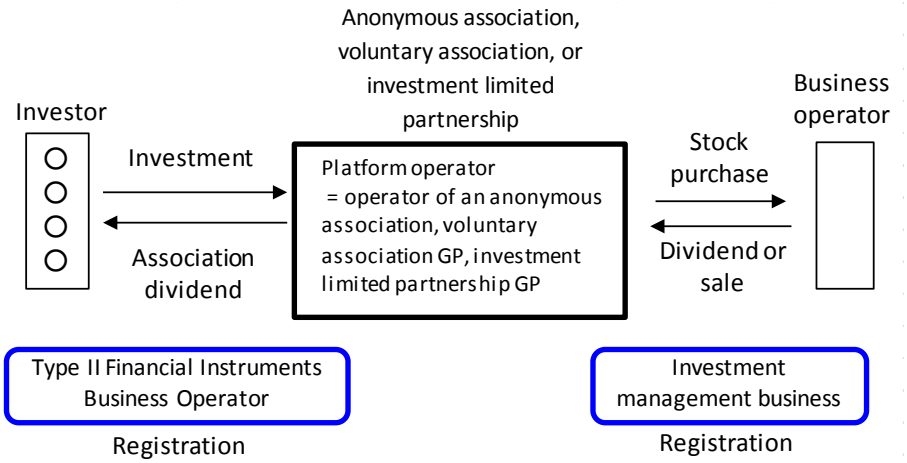
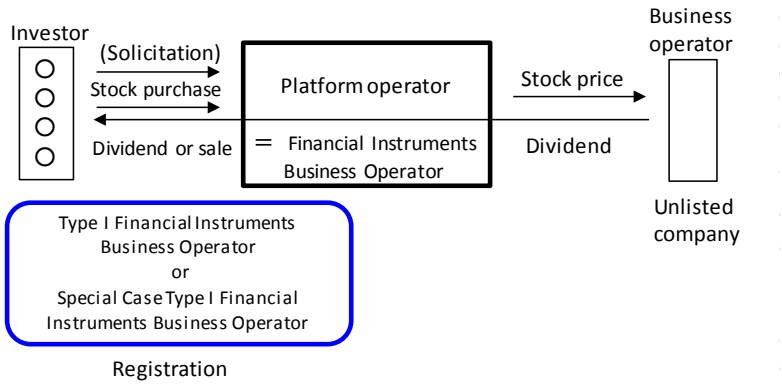
Non-equity crowdfunding

1. Donation-based model
   Individuals or companies, who want to support the activities of specific charitable organizations or social contribution activities conducted by private sector companies or individuals, donate money, etc. to applicable organizations etc. with no returns expected.
2. Reward-based model
   Backers who are interested in specific products or services that are being planned or developed by particular business operators invest in the business operators in the form of an advance payment. The backers receive the resulting products, etc. as rewards when product development is completed.

Equity crowdfunding

Equity crowdfunding (3. to 6. above) is regulated by the Financial Instruments and Exchange Act. In line with enactment of the Amended Financial Instruments and Exchange Act on May 23, 2014, regulatory requirements are likely to be eased in the future.

3. Lending -based	・A crowdfunding platform operator or a group company of a platform operator forms an anonymous association. Investors participate in the anonymous association and make investments. An association operator selects a business operator as a lender and lends the funds collected. An association operator receives principal/interest repaid from loanees and distributes them to investors. ・ A platform operator who collects funds from investors through a platform must register as a Type II Financial Instruments Business Operator or a Special Case Type II Financial Instruments Business Operator. At the same time, it must register the lending business as a business operator who lends money to a business operator. 
4. Business fund-based	・Generally, a business operator forms an anonymous association and outsources intermediary functions to transfer funds between investors and a business operator to platform operators. Investors who are interested in specific products and/or services of the business operator make investments based on an anonymous association agreement. The business operator conducts business using funds collected and distributes operating revenue to investors through the anonymous association. ・A platform operator (intermediary), who collects funds from investors, must register as a Type II Financial Instruments Business Operator or a Special Case Type II Financial Instruments Business Operator. 

5. Securities investment fund-based	・Investors make investments by participating in an anonymous association formed by a crowdfunding platform operator as the operator of anonymous association, voluntary association GP, or investment limited partnership GP. The anonymous association operator or GP selects a promising business operator and invests funds collected from investors in the applicable business operator in the form of equities. However, the securities that can be investment targets of funds are non-listed stocks. Subsequently, the operator of the anonymous association or GP distributes dividends received or the amount of investment associated with a stock sale and a capital gain to investors who are participants of the anonymous association. ・A platform operator who collects funds from investors through platforms must register as a Type II Financial Instruments Business Operator. Special Case Type II Financial Instruments Business Operators are not allowed to solicit securities investment funds. In addition, the platform operator is required to register the investment management business as an operator of a fund investing in securities (except when registration is made as a special business provider such as a qualified institutional investor). 
6. Equity -based	・A platform operator solicits investments in stocks of a business operator, which is a non-listed company, from investors through the Internet as a Financial Instruments Business Operator. Investors who have purchased stocks of the business operator receive dividends or capital gains according to the amount of the investment. ・A Financial Instruments Business Operator who solicits investments in stocks through the platform must register as a Type I Financial Instruments Business Operator or a Special Case Type I Financial Instruments Business Operator. 

Amended Financial Instruments and Exchange Act

No Cabinet Office Ordinance or order for the Amended Financial Instruments and Exchange Act has been issued for crowdfunding. Therefore, while details remain unclear as of November 15, 2014, the following deregulations and new rules are expected to be introduced.

- To lower barriers to entry for crowdfunding business operators, a new business operator category will be created for those handling only small amounts (total amount issued is less than ¥100 million and amount of investment per investor is ¥500,000 or less) and the minimum capital requirements will be lowered as follows:
  - Special Case Type I Financial Instruments Business Operators
    ¥10 million (lowered from ¥50 million (Type I Financial Instruments Business Operators))
  - Special Case Type II Financial Instruments Business Operators
    ¥5 million (lowered from ¥10 million (Type II Financial Instruments Business Operators))
- The following deregulation is expected to be applied to equity-based crowdfunding:
  - Regarding Special Case Type I Financial Instruments Business Operators, restrictions on conducting other businesses imposed on Type I Financial Instruments Business Operators will be removed.
  - Soliciting investments in non-listed shares is, in principle, prohibited under the current self-regulatory rules of the Japan Securities Dealers Association. Solicitation through crowdfunding of small amounts will be permitted as an exception.

Companies engaging in crowdfunding

As mentioned above, donation and reward-based crowdfunding business operators are not subject to the Financial Instruments and Exchange Act. Therefore, a series of new funding websites has been created. Because lending, fund, and equity-based crowdfunding are subject to the Financial Instruments and Exchange Act, the number of business operators remains low.

Column 5: Crowdfunding is becoming an increasingly popular way to raise capital, but issues are also becoming apparent

The use of crowdfunding to raise capital from an unspecified number of people online is spreading quickly as a means for startup companies, business owners, and NPOs to raise funds. There are different types of crowdfunding such as reward-based, donation-based, lending-based, and equity-based crowdfunding. The mainstream model in Japan is reward-based crowdfunding, through which donors make reservations for products and services designed for general consumers. This type of crowdfunding is popular among manufacturing startup companies. Besides raising capital, they can also create loyal followers.

The number of companies supporting crowdfunding is increasing exponentially. One study shows that there are already over 100 of these companies. They are structured to collect about 20% of project costs. Therefore, they can earn net income of about 10%, even if they pay credit card-related expenses for payments. If they can expand their scale, they can secure high levels of profitability.

kibidango operated by Kibidango, Inc. (Meguro-ku, Tokyo) and Makuake operated by CyberAgent Crowd Funding, Inc. (Shibuya-ku, Tokyo) are said to have been focusing on startup companies as a business operator.

However, crowdfunding in Japan only has a short track record. The largest amount is said to have been about ¥30 million raised through Makuake for a male beauty business project. The entire market is estimated to be worth around ¥1 billion, which is small compared to the ¥500 billion global market.

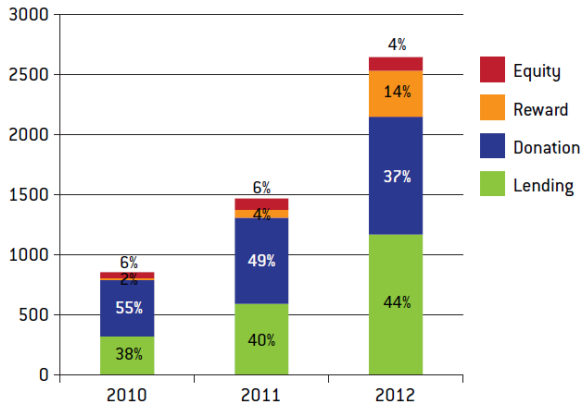
Therefore, some startups with large funding needs and with products capable of global expansion opt to use overseas crowdfunding platforms that maintain a large number of website users and have an extensive track record of fundraising. ReadyFor Inc., one of the leading crowdfunding platforms in Japan, is trying to boost its crowdfunding. As part of the effort, ReadyFor Inc. revealed its plan to invite the public to submit projects worth ¥100 million including recommendations from others.

Meanwhile, companies raising funds are also facing issues. There have been cases of product delivery being delayed, even though they raised funds. To increase the use of crowdfunding, it will be necessary to establish a framework to ensure appropriate project management.

Global Crowdfunding Market

As described in the Figure below, the global crowdfunding market is experiencing rapid growth. Market size reached about $2.7 billion in 2012. Lending-based crowdfunding was the largest category in terms of volume at 44% followed by donation-based at 37% and reward-based at 14%. Equity-based crowdfunding accounts for just 4%.

Figure 1-2-2 Crowdfunding Volumes by Category ($M)



Source: Bruegel on the basis of Crowdfunding Industry Report 2013 (Massolution)

Column 6: Current status of crowdfunding in the United States

Current status

Donation-based and reward-based crowdfunding have been the mainstream approaches in the United States. However, enactment of the Jumpstart Our Business Startups Act (the JOBS Act) in April 2012 is expected to significantly expand equity-based crowdfunding. Consequently, future developments are attracting attention.

The JOBS Act, consisting of seven Titles, is designed to promote startup companies. Deregulation related to crowdfunding is included in Title III. Due to a significant delay in the process of putting the Act into force, it had not taken effect as of November 2014.

Title III includes the following details[* Note 1].

1. Able to solicit investments up to $1 million a year without registering with the Securities and Exchange Commission (SEC) (generally referred to as the Crowdfunding Exemption)
2. Previously, individual investors had to have net assets of at least $1 million to be a qualified investor. However, the crowdfunding exemption allows investors who do not satisfy the requirements to participate in investments under the following conditions:
   i) If the investor's annual income or net worth is less than $100,000, the cap is the greater of $2,000 or 5% of annual income or net worth (during a 12-month period)
   ii) If the investor's annual income or net worth is greater than $100,000, the cap is 10% of annual income or net worth, up to a maximum of $100,000 (during a 12-month period)

3. In addition to securities companies that have registered with the SEC and self-regulatory organizations, registered Internet websites funding portals will be added as business operators who can raise funds under the conditions listed above. Various conditions are imposed on these securities companies and funding portals to protect investors.

Impact of equity-based crowdfunding on VC firms

Many articles discuss the impact of equity-based crowdfunding. An overwhelmingly large number of articles argue that equity-based crowdfunding has almost no impact on VCs. Rather, VCs can benefit from the growth of crowdfunding.

The Ivey Business Journal[*Note 2] describes why the impact of crowdfunding is limited as follows:

1. Considering that crowdfunding is limited to $1 million a year, it does not compete directly with typical VC funds.
2. Traditional VCs tend to access or assess investment deals through trusted personal networks, whereas crowdfunding is exposed to a wide audience and presents high agency risks.
3. As part of the crowdfunding process, a large volume of information must be disclosed to an unspecified number of investors to attract capital from the crowd. This may prevent startups from differentiating themselves from competitors or result in the loss of core technologies. Therefore, it is better for many high-potential ventures to keep confidential information undisclosed until their technologies or business ideas are established. Doing so will make them more attractive to top tier VCs. Therefore, there are no incentives for high-potential ventures to disclose information through crowdfunding.
4. Crowdfunding increases the number of shareholders, complicating the capitalization table and balance sheet. This may drive away VCs.
5. Because crowdfunders are often amateur investors, they do not know fair valuations of ventures and may pay more than they are worth. In such a case, when the company tries to raise funds from VCs later, there may be a down round (the value is below the valuation at the previous round).
6. Ventures that opt for crowdfunding tend to target the B2C market, which is relatively easy to understand. Therefore, VCs are expected to be major players in the B2B market.

While there are many articles besides that in the Ivey Business Journal that feature crowdfunding, almost all of the articles conclude that crowdfunding is not a threat to small and midsize VCs. There has been recognition within the industry for a few years that (super) angel investors are becoming a threat to small and midsize VCs. However, many articles argue that crowdfunding facilitates the development of startups and will have a positive impact on the entire VC industry in the long-term.

* Note 1: Capital Markets Monthly, “The Dawn of Crowdfunding: Purpose and Details of JOBS Act,” July 2012

* Note 2: Ivey Business Journal, “Crowdfunding’s impact on the entrepreneurial equity food chain,” July/August 2013

(2) Funds to Spur Growth of Startups in Japan: Public Sector

1. Innovation Network Corporation of Japan (INCJ)

Innovation Network Corporation of Japan (INCJ) is an investment fund that was established based on the Act on Special Measures for Industrial Revitalization and Other Laws to Foster Innovation in Industrial Activities in Japan (the "Industrial Revitalization Law").

Investors:	Currently, ¥266 billion from the Japanese government and ¥14.01 billion from private corporations and individual investors
Government guarantee:	When funds are raised from financial institutions, a maximum of ¥1.8 trillion government guarantee is applied to the fund
Operational period:	Started operation on July 27, 2009; operational period is 15 years

INCJ celebrated its 5th anniversary in July 2014. Assuming the final five years are the collection period, five years from July 2014 to July 2019 are considered to be the period for investment activities.
INCJ has been accelerating its startup investments since 2013. In the Fall of 2013, INCJ started to invest in VC funds as a major LP. Considering the large amount of capital invested, INCJ is expected to play a substantial role in supplying risk money to startup businesses.

Figure 1-2-3 Summary of Startup Investments by INCJ in Fiscal Year 2013

Date (Day of Announcement)	Name of Portfolio Company	Investment Amount (JPY 100 million) (See Note 1)	Domestic or Foreign	Industry	Stage	Investment Type
2013/4/1	AQUA Therapeutics Co., Ltd.	4.5	Domestic	Pharmaceuticals	Early	New investment
2013/4/3	Mido Holdings Ltd.	12.0	Domestic	IT	Seed	New investment
2013/5/27	PRISM Pharma Co., Ltd.	10.0	Domestic	Pharmaceuticals	Early	New investment
2013/7/8	Exvision Inc.	1.8	Domestic	Software	Seed	New investment
2013/7/25	IP Bridge, Inc.	28.4	Domestic	Corporate services	Early	New investment
2013/8/7	Apparel-Web, Inc.	3.0	Domestic	IT services	Early	New investment
2013/8/12	JTOWER Inc.	9.0	Domestic	Communications	Early	New investment
2013/8/26	Megakaryon Corporation	10.0	Domestic	Biotech	Seed	New investment
2013/9/2	UniZeo Co., Ltd.	6.0	Domestic	Other industry	Seed	New investment
2013/9/13	Zeptor Corporation （See Note 2）	7.1	Foreign	General electricity	Seed	New investment
2013/10/7	SMART INSIGHT CORPORATION	10.0	Domestic	Software	Expansion	New investment
2013/10/15	ROYAL GATE INC.	10.0	Domestic	IT services	Early	New investment
2013/10/28	Coiney, Inc.	8.0	Domestic	IT services	Expansion	New investment
2013/11/8	MedVenture Partners Ltd. (MPI-1 Investment Limited Partnership)	44.0	Domestic		Early	New investment
2014/1/14	Refinverse, Inc.	5.0	Domestic	Other industry	Early	New investment
2014/2/3	NapaJen Pharma, Inc （See Note3）	9.2	Foreign	Pharmaceuticals	Seed	New investment
2014/2/12	SQUSE Inc.	5.0	Domestic	Industrial products	Early	New investment
2014/2/20	Shift-One Inc. (formerly, New)	9.0	Domestic	IT services	Seed	New investment
2014/2/27	Trigence Semiconductor Inc.	4.8	Domestic	Semiconductor	Early	New investment
2014/3/6	Material Concept Co., Ltd.	6.0	Domestic	Other industry	Seed	New investment
2014/3/7	Sphelar Power Corporation	6.5	Domestic	General electricity	Early	Follow-On investment
	Total	**209.3**				

Note 1: Investment amount based on public data (excluding investment deals without a disclosed amount)
Note 2: Investment amount calculated based on Q3 2013 average exchange rate of $1=¥98.9
Note 3: Investment amount calculated based on Q1 2014 average exchange rate of $1=¥102.8

Figure 1-2-4 Summary of LP Investments by INCJ in Fiscal Year 2013

Date (Day of Announcement)	Name of Portfolio Company	Investment Amount (JPY 100 million) (See Note 1)	Domestic or Foreign
2013/10/16	UTEC 3 Limited Partnership	100.0	Domestic
2013/11/22	Global Brain No. 5 Investment Limited Partnership	100.0	Domestic
2014/1/8	WiL Fund I, L.P. （See Note 4）	102.8	Foreign
	Total	**302.8**	

Note 4: Investment amount calculated based on Q1 2014 average exchange rate of $1=¥102.8

Figure 1-2-5 Summary of Startup Investments by INCJ in Fiscal Year 2014 (as of the end of October 2014)

Date (Day of Announcement)	Name of Portfolio Company	Investment Amount (JPY 100 million) (See Note 1)	Domestic or Foreign	Industry	Stage	Investment Type
2014/4/24	Wisdoms Corporation	15.0	Foreign	Industry	Expansion	Follow-On investment
2014/5/16	Customer Communications, Ltd.	4.0	Domestic	IT services	Early	New investment
2014/5/19	Sansan, Inc.	7.5	Domestic	IT services	Early	New investment
2014/5/22	Create Vaccine Company, Ltd.	2.8	Domestic	Pharmaceuticals	Seed	New investment
2014/6/2	Microwave Chemical Co., Ltd.	8.0	Domestic	Industry	Early	New investment
2014/7/8	Cloudian Holdings Inc. （See Note 5）	15.6	Foreign	Software	Expansion	New investment
2014/7/14	QUADRAC Co., Ltd.	7.0	Domestic	IT services	Early	New investment
2014/7/25	NejiLaw inc.	7.0	Domestic	Industrial products	Early	New investment
2014/8/4	Oh My Glasses Inc.	9.0	Domestic	IT services	Expansion	New investment
2014/8/7	Agra Corporation	6.0	Domestic	IT services	Expansion	New investment
2014/9/3	WHILL Inc. （See Note 6）	9.4	Foreign	Other industry	Early	New investment
2014/9/8	K-engine Corp.	20.0	Domestic	IT services	Early	New investment
2014/9/22	SCIVAX Corporation	6.6	Domestic	Industry	Early	New investment
2014/10/7	BiC Co., Ltd.	10.0	Domestic	Communications/network	Seed	New investment
	Total	**127.9**				

Note 5: Investment amount calculated based on Q3 2014 average exchange rate of $1=¥103.9
Note 6: Investment amount calculated based on Q3 2014 average exchange rate of $1=¥103.9

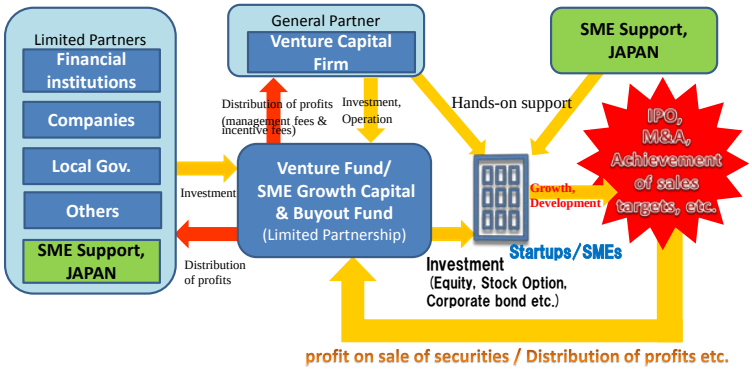
2. Organization for Small & Medium Enterprises and Regional Innovation, JAPAN

In July 2010, Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support, JAPAN) realigned its fund investment business into Venture Fund, SME Growth Capital & Buyout Fund, and SME Turnaround Fund.

Among these three businesses, Venture Fund and SME Growth Capital & Buyout Fund invest in startup companies. SME Support, JAPAN invests a maximum of 50% (no more than ¥6 billion) of individual funds as an LP.

With private investments in VC funds remaining slow since the recent financial crisis, SME Support, JAPAN continues to invest in VC funds and is playing a substantial role as an LP.

Figure 1-2-6 Venture Fund and SME Growth Capital & Buyout Fund Operated by SME Support, JAPAN



1. Fund formation: SME Support, JAPAN invests a maximum of 50% of total funds as an LP.

2. Investment targets: Small and midsized enterprises that are at the development or early growth stage and aim to achieve new growth or expansion

3. Support mechanism: Providing funds through such measures such as acquisition of equity and bonds with warrants

Figure 1-2-7 Trend of SME Support, JAPAN's Fund Investments

(Unit: JPY 100 million)

		FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	End of October 2014
SME Support, JAPAN total investment	Venture Fund (Before FY 2011)		50.0					
	Ganbare! SME Fund	20.0		5.2				
	Regional Support Fund	5.0						
	Venture Fund (Since FY 2011)				14.0	15.0	4.5	20.0
	SME Growth Capital & Buyout Fund			13.0	210.0	184.0	309.8	80.5
	SME Support, JAPAN total investment (A)	25.0	50.0	18.2	224.0	199.0	314.3	100.5
Total value of funds invested in by SME Support, JAPAN	Venture Fund (Before FY 2011)		118.4					
	Ganbare! SME Fund	40.4		11.2				
	Regional Support Fund	10.0						
	Venture Fund (Since FY 2011)				30.0	36.3	9.5	49.0
	SME Growth Capital & Buyout Fund			54.0	601.8	683.1	862.79	352.68
	Total value of new funds (B)	50.4	118.4	65.2	631.8	719.4	872.29	401.68
Investment ratio (Percentage of SME Support, JAPAN commitment = A/B)		50%	42%	28%	35%	28%	36%	25%

(Source: SME Support, JAPAN, Prepared by VEC)

(Note 1) Values in Figure 1-2-7 exclude those of the SME Turnaround Fund, Industrial Reconstruction Corporation Fund and Business Continuity Fund
(Note 2) Value of SME Growth Capital & Buyout Fund includes investments into buyout funds

Figure 1-2-8 Trend of SME Support, JAPAN's Fund Investments

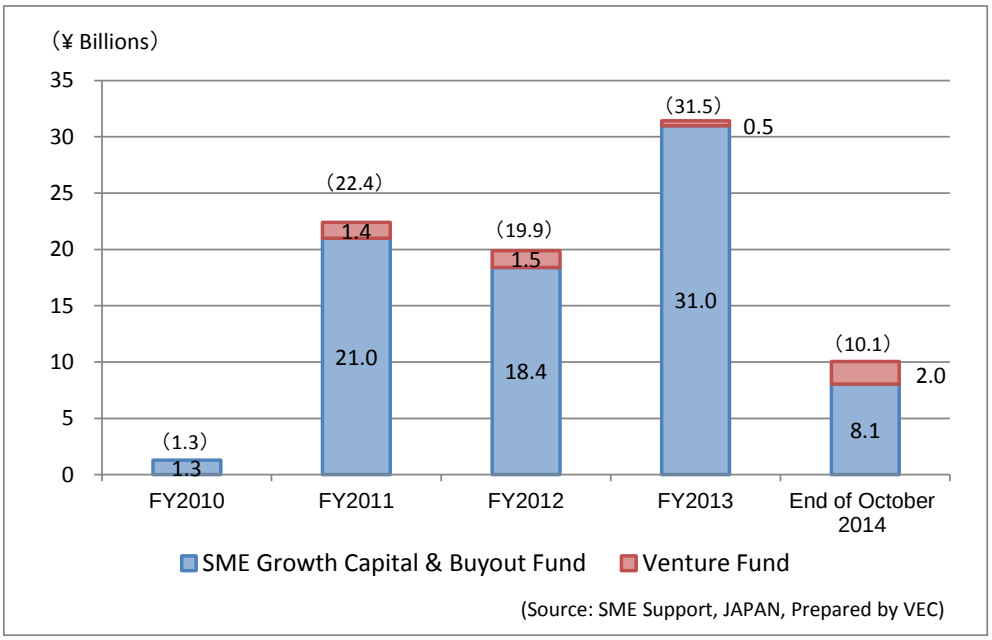
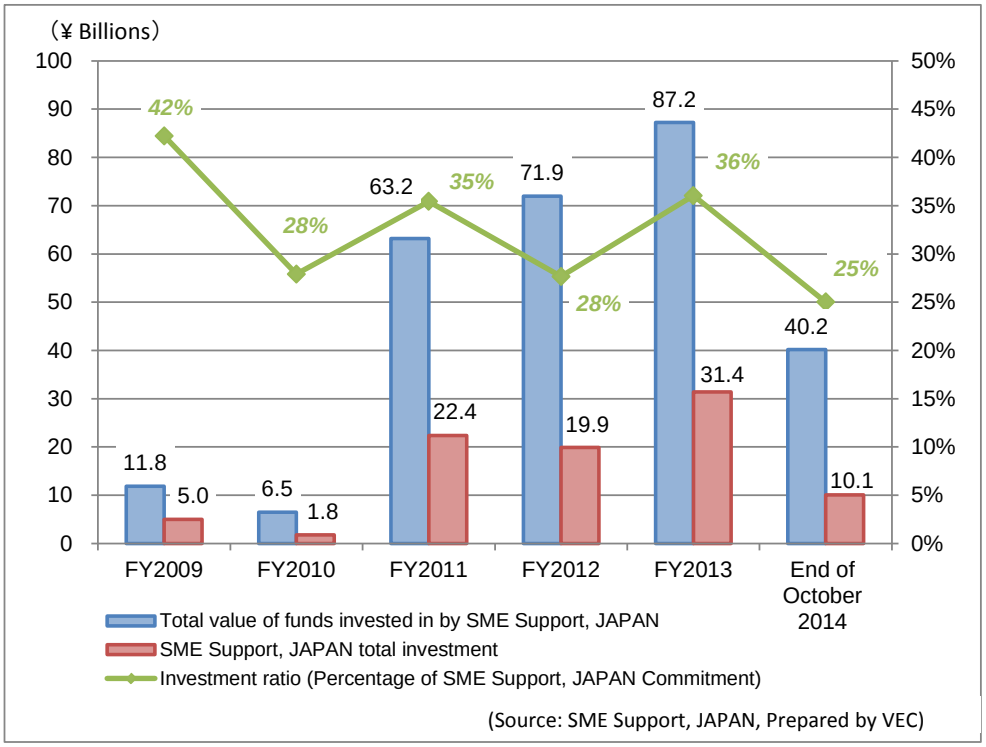


Figure 1-2-9 Total Value of Funds Invested by SME Support, JAPAN, and Total Value of its Investments



(Note 1) Values in Figure 1-2-8 and 1-2-9 exclude those of the SME Turnaround Fund, Industrial Reconstruction Corporation Fund and Business Continuity Fund

(Note 2) Value of SME Growth Capital & Buyout Fund includes investments into buyout funds

Figure 1-2-10 Summary of Funds Invested by SME Support, JAPAN (FY 2012 ~)

Fiscal Year	Fund Name	Fund Type	Total Amount	Month/Year	Fund Operator
FY 2012 April 2012 – March 2013	Innovative Venture Fund Investment Limited Partnership	SME Growth Capital & Buyout Fund	¥3.5 billion	April 2012	NEC Capital Solutions Limited SMBC Venture Capital Co., Ltd.
	B Dash Fund 1 Investment Limited Partnership	Venture fund	¥1.5 billion	May 2012	B Dash Ventures Inc.
	Polaris Private Equity Fund III, L. P.	SME Growth Capital & Buyout Fund	¥35.7 billion	July 2012	Polaris Capital Group Co., Ltd.
	IDI Infrastructure #2 Limited Liability Partnership	SME Growth Capital & Buyout Fund	¥13.1 billion	July 2012	IDI infrastructures, Inc.
	Kyushu Entrepreneur Club Investment Limited Partnership	SME Growth Capital & Buyout Fund	¥1.1 billion	September 2012	DOGAN, Inc.
	NH-2	SME Growth Capital & Buyout Fund	¥10.0 billion	November 2012	New Horizon Capital Co., Ltd.
	DCI High-Tech Manufacturer Growth Support Investment, LLP	SME Growth Capital & Buyout Fund	¥3.0 billion	December 2012	Daiwa Corporate Investment Co., Ltd.
	Incubate Fund No. 2 Limited Partnership	Venture fund	¥2.1 billion	February 2013	Tohru Akaura, Masahiko Honma, Keisuke Wada, Yusuke Murata
	Asian Gateway No. 1 Investment Limited Partnership	SME Growth Capital & Buyout Fund	¥1.2 billion	March 2013	Sumitomo Mitsui Trust Investment Co., Ltd.
	Shimane SME Growth Support Investment Limited Partnership	SME Growth Capital & Buyout Fund	¥0.7 billion	March 2013	The Gogin Capital Co.,Ltd.
	FY 2012 Total value of funds		**¥71.94 billion**		
FY 2013 April 2013 – March 2014	Globis Fund IV, L.P.	SME Growth Capital & Buyout Fund	¥7.19 billion	April 2013	GLOBIS CAPITAL PARTNERS & Co.
	Femto Growth Capital Investment Business Limited Liability Partnership	SME Growth Capital & Buyout Fund	¥1.616 billion	April 2013	Femto Growth Capital LLP
	Integral 2 Limited Partnership	SME Growth Capital & Buyout Fund	¥29.5 billion	April 2013	Integral Partners
	OiDE Fund Investment Limited Partnership	Venture fund	¥0.95 billion	September 2013	Mitsubishi UFJ Capital Co., Ltd.
	Whiz Asia Evolution Fund Investment Limited Partnership	SME Growth Capital & Buyout Fund	¥10.7 billion	September 2013	Whiz Partners Inc.
	TNP Small/Medium Size & Venture Enterprises Growth Promotion Investment Limited Partnership	SME Growth Capital & Buyout Fund	¥4.86 billion	September 2013	TNP On The Road Corporation
	Next Capital Partners II Limited Partnership	SME Growth Capital & Buyout Fund	¥3.7 billion	October 2013	Next Capital Partners Co., Ltd.
	ACA Synergy No. 2 Fund	SME Growth Capital & Buyout Fund	¥2.8 billion	October 2013	ACA Inc.
	GMO VP Fund III	SME Growth Capital & Buyout Fund	¥1.25 billion	November 2013	GMO VenturePartners
	JSPF3	SME Growth Capital & Buyout Fund	¥5.253 billion	December 2013	WM PARTNERS Co., Ltd.
	DAC Venture United Fund I Investment Business Limited Partnership	SME Growth Capital & Buyout Fund	¥1.26 billion	January 2014	VENTURE UNITED, inc.
	Minori No. 2 Fund	SME Growth Capital & Buyout Fund	¥10.09 billion	March 2014	Minori Corporation
	PNB-INSPiRE Ethical Fund 1	SME Growth Capital & Buyout Fund	¥4.85 billion	March 2014	PNB Inspire Partners Corporation
	FY 2013 Total value of funds		¥84.019 billion		
FY 2014 April 2014 – October 2014	AT-I Investment Limited Partnership	Venture fund	¥4.9 billion	May 2014	GREE Ventures, Inc., Yusuke Amano, Tatsuo Tsutsumi
	Global Catalyst Partners Japan Fund	SME Growth Capital & Buyout Fund	¥1.213 billion	August 2014	Global Catalyst Asia Ltd.
	iSigma Business Advance Fund 2 Investment LP	SME Growth Capital & Buyout Fund	¥17.485 billion	August 2014	iSigma Partners Corporation
	Ant Bridge No. 4 A Private Equity Investment Limited Partnership	SME Growth Capital & Buyout Fund	¥6.1 billion	August 2014	Ant Capital Partners Co., Ltd.
	FY 2014 Total value of funds		¥29.698 billion		

(Note 1) Data as of the end of each fiscal year (as of the end of October for FY 2014)

(Note 2) Values in Figure 1-2-10 exclude those of the SME Turnaround Fund, Industrial Reconstruction Corporation Fund and Business Continuity Fund.

3. Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-chain and Expansion Japan

For details, access the following website: http://www.a-five-j.co.jp/

Company name	Agriculture, Forestry and Fisheries Fund Corporation for Innovation, Value-chain, and Expansion Japan (A-FIVE)
Purpose	Providing support to those engaged in agriculture, forestry, and fisheries to promote local production of agricultural, forestry, and fishery products for local consumption and the so-called *sixth industrialization*
Description of business	Public-private fund
Establishment	January 2013
Major shareholders	Japanese Government : ¥30.0 billion Private companies : ¥1.802 billion Total : ¥31.802 billion

4. Regional Economy Vitalization Corporation of Japan

For details, access the following website: http://www.revic.co.jp/

Company name	Regional Economy Vitalization Corporation of Japan (REVIC)
Purpose	Providing support to revitalize the businesses of companies suffering from deteriorating performance and to vitalize local economies
Description of business	Public-private fund
History/ Establishment	Established as the Enterprise Turnaround Initiative Corporation of Japan in October 2009; Reorganized as the Regional Economy Vitalization Corporation of Japan (REVIC) in March 2013
Capital	¥23,084.8 million
Major shareholders	Deposit Insurance Corporation of Japan: ¥22,584.8 million, Private financial institutions: ¥500 million

5. Cool Japan Fund

For details, access the following website: http://www.cj-fund.co.jp/

Company name	Cool Japan Fund Inc.
Purpose	・Developing overseas demand for excellent Japanese products and services ・Exporting Japan's appeal worldwide (nation branding) ・Converting overseas growth into economic growth in Japan, including local economies
Description of business	Public-private fund
Establishment	November 2013
Capital	¥39.0 billion (as of October 2014)
Major shareholders	Japanese Government and 18 private companies (as of October 2014) Japanese Government: ¥30.0 billion, private companies: ¥9.0 billion

6. Japan Finance Corporation (JFC)

JFC has been providing a series of loans to new business operators including startup companies.
In April 2008, JFC launched the "Provision Scheme for Challenge Support and Capital Enhancement" (capital loans). The scheme provides entrepreneurs with loans of ¥300 million over 7, 10, or 15 years (with lump-sum repayment at maturity). In FY 2013, capital loans were provided to 664 companies (¥51.4 billion) in total including 101 small businesses (¥1.7 billion) and 563 SMEs (¥49.7 billion). Both the number of companies and amounts are increasing sharply.

Figure 1-2-11 Provision Scheme for Challenge Support and Capital Enhancement (capital loans)

		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Startup/ New Business Loans	Number of Companies	40	119	154	249	664
	Total Loan Amount (¥ billions)	2.9	5.4	5.0	13.6	51.4

(Source: JFC News Release, May 30, 2014)

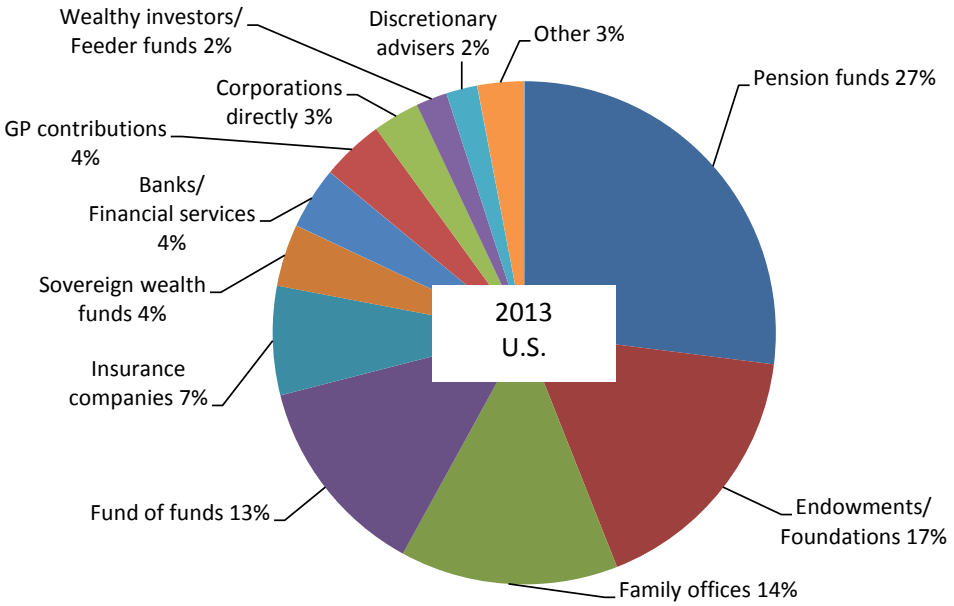
7. Local Governments

This startup loan scheme is also being carried out through local governments, with each prefecture providing loans that are backed by each region's credit guarantee corporation.

8. Pension Funds

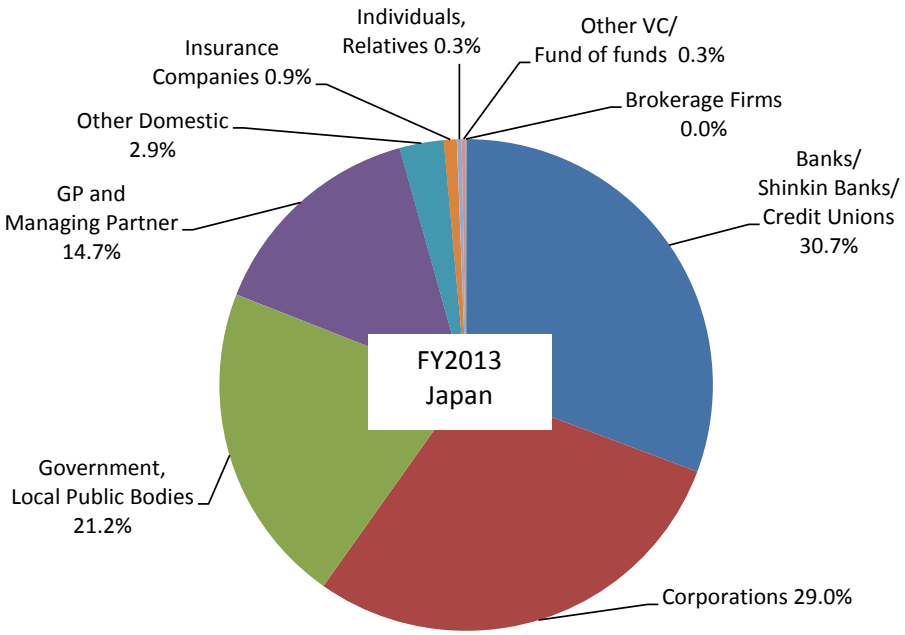
Figure 1-2-12 displays the breakdown of investors for VC funds throughout U.S. and in Japan by percentage of amount invested. Pension funds are the major U.S. investors in VC funds.

Figure 1-2-12 Breakdown of Investors in VC funds in Japan and U.S. (percentages of amount invested)



Pension funds = Public pension funds 20% + Corporate pension funds 7% + Union pension funds 0%

(Source: Dow Jones, Prepared by VEC)



(Source: VEC Survey on Venture Capital Investment Trends in 2014)

● **Japanese Pension Funds**

The outstanding balances of Japanese pension funds are listed below.

Figure 1-2-13 Outstanding Balances of Japanese Pension Funds

	Organizations managing investors	Assets under management	Investments in VC funds
Public Pension	Government Pension Investment Fund (GPIF)	¥127.2627 trillion (End of March 2014)	No investments in VC funds
Corporate Pension (Note 1)	Individual corporate pension funds, Pension Fund Association's funds, Others (Note 2)	¥92.293 trillion (End of March 2014)	Have an investment track record in VC funds (details unclear)

Note 1: Assets under management of corporate pensions = total assets under management of defined contribution corporate pensions, Pension Fund Associations, and defined benefit corporate pensions.
Note 2: Employees' pension fund associations formed by companies in the same industry.

(Source: Government Pension Investment Fund, Trust Companies Association of Japan)

● **Public Pensions**

The Government Pension Investment Fund (the GPIF) is entrusted by the Minister of Health, Labor and Welfare with the tasks of operating and administering public pension funds. Considering that public pension funds invest in VC funds that are in the United States, there are some recommendations to allocate a part of Japan's public pensions to growth-oriented investments including startups.

Figure 1-2-14 GPIF Basic Asset Allocation Portfolio (June 2013 to October 2014)

	Domestic bonds	Domestic stocks	International bonds	International stocks	Short-term assets	PE/VC
Target allocation	60%	12%	11%	12%	5%	None
Permissible range of deviation	±8%	±6%	±5%	±5%	―	None

(Source: GPIF, Mid-term Goals, June 7, 2013)

Figure 1-2-15 Trends GPIF Basic Asset Allocation Portfolio (from October 2014)

	Domestic bonds	Domestic stocks	International bonds	International stocks
Target allocation	35%	25%	15%	25%
Permissible range of deviation	±10%	±9%	±4%	±8%

(Note) Alternative investments will be made within a maximum of 5% of the total portfolio, in accordance with the development of a dedicated team. Infrastructure, private equities, real estate, or other assets determined by the Investment Advisory Committee, are classified as domestic bonds, domestic stocks, international bonds, or international stocks, depending on their risk and return profiles. GPIF adopts a tactical asset allocation within permissible ranges of deviations for each asset class, and this allocation is solely based upon a detailed analysis of the economic and market environment, and prudent judgment.

(Source: GPIF "Adoption of New Policy Asset Mix" announced on October 31, 2014)

At the World Economic Forum (Davos meeting) in January 2014, Prime Minister Abe stated that Japan's public fund management will undergo major reforms including a portfolio review, and the GPIF will make growth-oriented investments.

The "Japan Revitalization Strategy Revised in 2014" announced in June 2014 comments on the GPIF as follows:

- To respond to long-term trends in the economic and investment environments and secure sound pension finances over an extended period, the Government Pension Investment Fund (GPIF) will appropriately revise its policy asset mix as quickly as possible.
- Along with the above-mentioned revision, initiatives for strengthening the governance structure of the GPIF will be promoted immediately, including improvements to the investment committee structure and securing investment professionals. In addition, other necessary measures including proceeding with discussions on possible future law amendments will be accelerated.

After the Cabinet reshuffle in September 2014, the Minister of Health, Labour and Welfare commented on GPIF's portfolio, saying: "Investments may be made in startups and private equities." However, considering the GPIF's philosophy of ensuring safe and efficient management and investment through appropriate risk management, the GPIF is said to leave the specific asset ratio to professionals. On November 20, 2014, the GPIF announced its plan to appoint Mr. Hiromichi Mizuno, who is from the private sector, as the Chief Investment Officer (CIO) (appointment is scheduled to be effective from January 5, 2015).
On October 31, 2014, the GPIF announced changes to its mid-term goals and adopted the new basic asset allocation portfolio above.

● Corporate Pensions

Assets under management of corporate pensions as of the end of March 2014 totaled ¥92.293 trillion. Due to the lack of disclosed data, it is difficult to accurately grasp information on investments of corporate pensions in VC funds.

1.3 Industry Trends

(1) IT Industry

IT Startups

From 2013 to 2014, IT startups have focused particularly on the following four segments: (1) news applications, (2) advertising, (3) education, and (4) healthcare.

The news application segment consists of companies targeting general news and those focusing on specific areas. Among companies targeting general news, three companies, namely, SmartNews Inc., Gunosy Inc., and Antenna, are the main players. The cumulative number of downloads exceeded 5 million, 6.5 million, and 4 million respectively.

These news application companies distribute news from over 50 – 100 newspaper companies, TV stations, and online media. Given the rapid expansion of the market, many VCs are now making investments.

Startup companies operating in the area of advertising include those providing services related to real-time bidding (RTB) and tools to measure the effectiveness of Internet advertising.

Startup companies operating in the area of education include those providing services related to online lessons for adults, online English lessons, smartphone tutoring, learning management services, and educational and intellectual training apps for children.

Startup companies operating in the area of healthcare include those providing services related to employees' health management, health management websites, which refer to 1 million pieces of data, and measurements and advice on mental and physical balance.

Figure 1-3-1 Example of IT Startup Companies

Segment	Startup Companies
News	SmartNews Inc., Gunosy Inc., Gloder Associates Inc., UZABASE, Inc., etc.
Advertising	FreakOut, inc., Lockon Co., Ltd., VOYAGE GROUP, Inc., Fringe81 Co., Ltd., Dennoo Inc., etc.
SNS	REVENTIVE Inc., trippiece INC., Talknote, Inc., Retty, Inc., Timers Inc., etc.
Game	Akatsuki Inc, gumi Inc., (The) ONE of THEM, Inc., Aiming Inc., etc.
Cloud-based applications	Sansan, Inc., StandFirm Inc., ITANDI, Inc., Accounting SaaS Japan Co., Ltd., freee K.K., etc.
EC site	Mercari, Inc., Tokyo Otaku Mode Inc., IID, Inc., MUSE & Co., Ltd., Peatix inc., Stardust Communications Inc., MONOCO Inc., Aratana inc., raksul, Inc., LOCONDO, Inc., etc.
Education	SMARTEDUCATION, LTD., mana.bo Inc., Studyplus, Inc., RareJob, Inc., schoo Inc., TOKYO STORM Inc., Lang-8, Inc., SuRaLa Net Co., Ltd., etc.
Settlement	ROYAL GATE INC., Coiney, Inc., WebPay, Inc., Metaps Inc., etc.
Translation	Gengo, Inc., Yaraku, Inc., anydooR Inc., etc.
Interior	SUVACO Co., Ltd., iemo, etc.
Healthcare	Healthcare Style laboratory Co., Ltd., WINFrontier Co., Ltd., MinaCare Co. Ltd., WellnessData Inc., etc.
Development	sekaie Inc., Toreta, Inc., TriFort, Inc., Wonderplanet Inc., BASE CO., LTD. KAIZEN platform Inc., repica, inc., Piece of Cake, Inc., pLucky Inc., papelook Inc., Smart Insight Corporation, Borders, Inc., etc.

(Source: Websites, Prepared by VEC)

Column 7: Advertising technology has been one of the most active sectors in this year's IPO rush

The number of IPOs increased from 2013 to 2014. The Internet advertising technology sector is seeing a particularly high increase. FreakOut, inc., VOYAGE GROUP, Inc., and Lockon Co., Ltd. are among those companies. In addition to the growth of the industry itself, there are plans among securities companies to sell those that are attractive to investors.

"We will change the framework of Internet advertising with technologies," Mr. Yuzuru Honda, CEO of FreakOut, inc. said at an IPO conference in June 2014. The company is handling real-time bidding (RTB) advertising technology, which has been gaining popularity in recent years. RTB is an automated process that enables the buying and selling of advertisements in real-time as users browse a website. This service can meet a client's needs to always display the most appropriate advertisement.

Lockon Co., Ltd. has strengths in providing a tool to measure the effectiveness of Internet advertising. The company is also providing services that cover everything from automated advertising optimization to automated ad posting. While the company has engaged in e-commerce and other businesses since it was established in 2000, it finally made an IPO after shifting its focus to advertising technology.

VOYAGE GROUP, Inc. had an IPO 15 years after it was established. The company's main business is to operate the point-based Internet media "EC Navi," which is the former name of the company. However, the company explained to its investors that it is providing advertising technology services. Similar to the case of FreakOut, inc., the company benefitted from the growth of an advertising market driven by RTB.

In reality, securities companies make the final judgment on whether or not to allow companies to make an IPO. In this sense, securities companies competed on advertising technology in 2014.

Buyers of IPO shares are mainly individual investors. In addition to actual business performance, whether or not themes are suitable for shares is often used as a criterion for making decisions.

A large number of biotechnology startups went public from 2013 to early 2014 after receiving unexpected attention when Dr. Shinya Yamanaka, a Kyoto University Professor, won the Nobel Prize in Physiology or Medicine in 2012.

(2) Manufacturing Industry

While the manufacturing industry covers a wide range of products, startup companies are thriving in sectors that can be handled by small teams without large investments.
Sectors that have attracted the attention of startups over the past year are robotics, consumer electronics, and Internet of Things (IoT).

The most significant event in the robot sector in 2014 was Google's acquisition of the robotics startup SCHAFT Inc., which was founded at the University of Tokyo. The well-funded Google is acquiring a large number of startups to seek next-generation business opportunities. SCHAFT Inc. was the second Japanese startup company to be acquired by Google.
As indicated by the acquisition of SCHAFT Inc., Japan's robotics sector is highly advanced. Other prominent startups include CYBERDYNE Inc., established at the University of Tsukuba, Skeletonics Inc., established at the University of Tokyo, Mujin Inc., established at the University of Tokyo, and INNOPHYS Co., Ltd., established at the Tokyo University of Science.

In addition to areas related to disaster prevention, nursing care, and factory automation, robots have military applications in the United States. The founder of CYBERDYNE Inc., which was listed on TSE Mothers in March, owns class shares with ten times the voting rights of listed shares. He continues to have substantial control over the company even after the listing. In the prospectus for the issuance of new shares and the secondary offering of shares, the company stated that the reason for adopting such a framework is to avoid military applications of the company's technologies.
In the area of consumer electronics, persons with a background in major consumer electronics manufacturers and self-taught designers have been working on consumer electronics. Although Japan's consumer electronics industry is falling behind in the white goods market in emerging countries in terms of price, examples of consumer electronics startups indicate that unique designs can be accepted and can make good business sense.

In 2014, the term Internet of Things (IoT) attracted attention in the manufacturing industry. IoT is a technology that connects things other than computers to the Internet, in order to exchange information. Using this technology allows users to monitor or control things with sensors on the Internet or through a cloud. The number of startup companies in this area is still limited in Japan.

Figure 1-3-2 Example of Manufacturing Startups in Japan

Sector	Startup Companies
Robotics	Skeletonics Inc., CYBERDYNE Inc., Mujin Inc., INNOPHYS Co., Ltd., ZMP Inc., WHILL (US Headquarters), SCHAFT Inc. (acquired by Google), etc.
Consumer electronics	Bsize Inc., BALMUDA Inc., amadana corp., Glamo Inc., Pluto Inc., etc.
Internet of Things	Cerevo Inc., Moff, Inc., Kiluck Corporation, etc.

(Source: Websites, Prepared by VEC)

Column 8: IoT startups are becoming an increasingly popular theme for business establishments and investments

The development of the Internet of Things (IoT), hardware connected to the Internet, has been attracting increasing attention as a key theme for business establishments and startup investments. Connecting a wide range of things to the Internet is expected to increase usability and enable entirely new applications. Some observers believe that establishing businesses aiming to facilitate the use of the Internet in the service industry has run its course.

In April 2014, Recruit Holdings Co., Ltd. established a new ¥5.0 billion fund that invests in startup companies in the area of IoT. The fund plans to invest in wearable devices and devices for smartphones. In FY 2014, the fund aimed to make investments in 30 companies both at home and abroad. Recruit has designated startup investments as one of its key business strategies. Since the establishment of its first fund in 2006, Recruit had invested ¥9.0 billion in 54 companies by March 2014.

CyberAgent Startups, Inc. held the IoT Summit in July 2014, inviting startup executives and persons aiming to launch businesses in the area of IoT. The event was intended to explore potential investment targets.

Successful examples of IoT startups include Moff, a wearable wristband toy, and RAPIRO, a robot kit used for research. Some even categorize electric cars in the IoT industry. Terra Motors Corporation (Shibuya-ku, Tokyo) has released electric motorcycles with a smartphone connection to enable riders to share road information.

Mr. Osamu Ogasawara, who is an angel investor, acquired a majority of shares of a long-established IoT startup, Cerevo Inc. (Chiyoda-ku, Tokyo), from existing shareholders including a VC. Under a new management structure, Cerevo has launched a business to support IoT and manufacturing startup companies.

According to IDC Japan, the size of the global IoT market is expected to grow from $4.8 trillion in 2012 to $8.9 trillion in 2020.

(3) Energy Industry

Areas in the energy industry not requiring large facilities and where startup companies can thrive include development of next-generation solar cells, small solar installations, small hydroelectric generation, biomass power generation, and secondary batteries.

● Development of next-generation solar cells by startups

The solar power generation market benefited most from the introduction of the Feed-in Tariff* Note 1 scheme. The solar power generation device market, regardless of whether devices are imported or produced domestically, is expanding rapidly. University and corporate laboratories are engaging in the development of next-generation solar power generation devices.

Note 1: Feed-in Tariff (FIT)

- Under the FIT scheme, a fixed price (tariff) with electric power companies is guaranteed for a certain period (e.g. 10 to 20 years from the installation). Electric power companies maintain a fixed purchase price for 10 years or 20 years once facilities are installed.
- The government plans to lower the level of overall subsidies by lowering energy purchase prices for new facilities in line with the reduction of costs for facilities.
- Electric power companies in Hokkaido, Tohoku, Shikoku, Kyushu, and Okinawa announced around August 2014 suspension of new agreements under the FIT scheme because a recent increase in applications may disrupt the supply and demand balance if no measures are taken.

However, low-price and general-purpose silicon solar cells made in China are dominating the solar power generation industry. Groundbreaking innovations in efficiency are essential to succeed in the next-generation solar cell industry. For example, Smart Solar International, a well-known startup company, filed for bankruptcy in February 2014.

● Installation of small solar by startups

Looking at the breakdown of solar power-generation device installations, the number of small solar* installations is much larger than that of mega solar installations **(See Figure 1-3-3)**. While many large companies have been entering the mega solar market, the majority of owners of small solar are small and midsized corporations and sole proprietors. SMEs including startup companies have been making forays into the small solar installation business.

While highly efficient panels including those produced by Sharp Corporation are popular in the area of solar panels, an increasing number of startup companies engaging in the installation of small solar are offering low-cost solar panels by outsourcing solar battery manufacturing to solar battery manufacturers in China and importing solar batteries from manufacturers.

*** Small Solar and Low-voltage Connection**

Solar power generation devices can be generally categorized into residential devices with a power-generation capacity of less than 10 kW and non-residential (public/industrial) devices with a power-generation capacity of 10 kW or more. Among those devices, midsize solar devices with a power-generation capacity of 10 kW or more, but less than 1 MW, are called small solar, and those with a power-generation capacity of 1 MW or more are called mega solar.

Devices with a power-generation capacity of less than 50 kW can connect to electric power companies' power systems (power grids) through a low-voltage connection method. In the case of a low-voltage connection, applications to the Ministry of Economy, Trade and Industry and electric power companies can be simplified and installation of a Cubicle voltage inverter can be omitted. Low-voltage connection allows the introduction of solar devices with less labor and at lower cost than a high-voltage connection.

Looking at the number of device installations (**See Figure 1-3-3**), most small solar installations use the low-voltage connection method with a power-generation capacity of less than 50 kW. This indicates that the size of the small solar market with a power-generation capacity of less than 50 kW, which allows low-voltage connection is larger in the area of non-residential solar devices.

Figure 1-3-3 Number of Solar Power-generation Devices Installed

Power generation capacity	Less than 10 kW	**10 kW or more - Less than 50 kW**	50 kW or more - Less than 1 MW	1 MW or more	Total
Purpose	Residential	**Non-residential (public/industrial)**			-
Size	-	**Small solar**		Mega solar	
Grid connection method	**Low-voltage connection**		High-voltage connection		
Number of installations	589,180	**177,977**	8,141	1,606	776,904
Ratio	75.8%	**23.0%**	1.0%	0.2%	100%

* Number of purchases started under the FIT scheme

* Data as of the end of August 2014

(Source: Feed-in Tariff information disclosure website (Ministry of Economy, Trade and Industry/Agency for Natural Resources and Energy), Prepared by VEC)

● Subdivision-type solar power-generation and solar installation startups

A new business—subdivision type solar power generation—has emerged; operators subdivide land of an area that allows installation of mega solar, install small solar with a power-generation capacity of less than 50 kW, which allows low-voltage connection to power grids (see the previous page), and sell them to investors such as individuals and small and midsized companies. Most companies operating subdivision-type solar power generation are small and midsized companies, including startup companies.

The Ministry of Economy, Trade and Industry is expected to halt approvals of new subdivision-type solar power generation facilities in the future. Close attention should be paid to trends of local energy production for local consumption in each region.

● "Act on the Promotion of Renewable Energy in Rural Areas" and conversion of farmland

Due to strict rules restricting the conversion of farmland, building solar and wind power-generation facilities on farmland was not permitted.

However, enactment of the "Act on the Promotion of Renewable Energy in Rural Areas" in November 2013 enabled the construction of solar and wind power-generation facilities on farmland. This has facilitated the creation of startup companies engaging in the installation of solar power generation facilities in rural areas. Some of these startup companies produce crops on land, while generating solar power using space above the land.

The business has grown rapidly since the Ministry of Agriculture, Forestry and Fisheries approved the conversion of farmland through solar sharing [* Note 2] in March 2013.

* Note 2: A method of producing crops and electricity at the same time by installing power generation facilities such as solar panels using poles on farmland.

Figure 1-3-4 Examples of Energy Startups

Category	Companies	Establishment	Head Office	Capital	Number of employees	Remarks
Mega solar	Smart Energy Co., Ltd.	April 2007	Tokyo	¥260 million	30	Maintenance, weeding, and inspections of mega solar
Solar	ALBA-TECH. Co., Ltd.	April 2012	Osaka	¥15 million	36	Installation of unique solar sharing power-generation equipment in rural areas
	Loop, Inc.	April 2011	Tokyo	¥499 million	75	Provision of My Power Plant Kit Sky Type, solar sharing equipment for farmers
	SHIZEN ENERGY Inc.	June 2011	Tokyo	¥60 million	20	Promotion of model case that balances introduction of renewable energy and agricultural promotion
Biogas	Hokkaido Biomass Research & Development Company	June 2007	Obihiro	¥2 million	8	A startup company launched by Obihiro University of Agriculture and Veterinary Medicine
	Waseda Environmental Institute Co., Ltd.	August 2003	Tokyo	¥66 million	6	Entry into the woody biomass generation market — 2000 kW in Chichibu, Saitama
	ZE Energy Inc.	August 2008	Tokyo	¥57.75 million	20	Effective power generation using biomass, sales of equipment
Tidal power generation	NOVA Energy Co., Ltd.	May 2007	Kobe	¥77.50 million	8	A startup company in Kobe
Secondary batteries	Amaz Techno-consultant, LLC	May 2010	Sumoto		12	Business started by a SANYO Electric lithium-ion battery engineer in his hometown, Awaji Island
	CONNEXX SYSTEMS Corporation	August 2011	Kyoto	¥76.18 million	6	Using unique technologies to develop a new device combining different types of battery, Aiming to be SI in energy generation and storage

(Source: Websites, Prepared by VEC)

(4) Biotech/Healthcare Industry

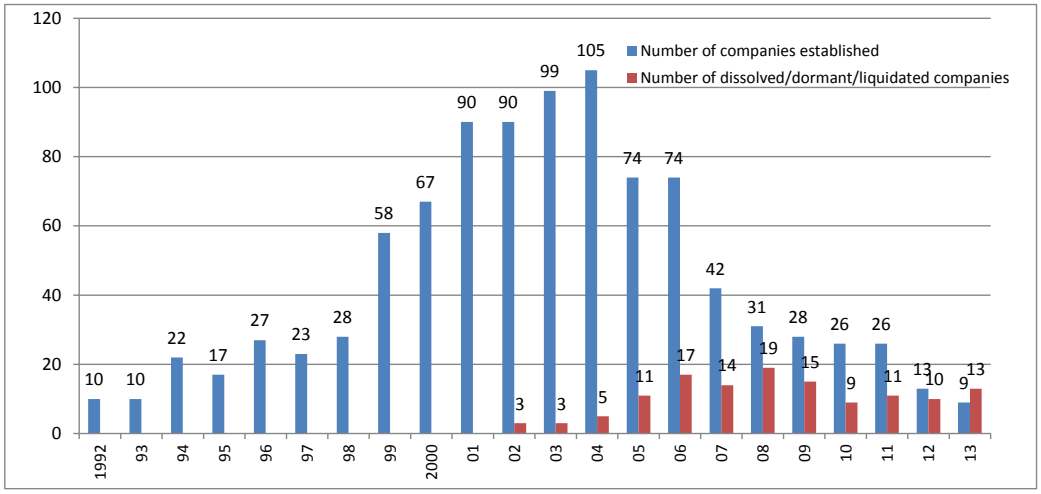
Biotechnology startups in Japan

In Japan's biotech industry, the establishment of biotech startups started around the 1990s. Since peaking in 2003 and 2004, the number of startup establishments has been on the decline (**See Figure 1-3-5**).

None of these startup companies have had the great success experienced by US biotech startups; only a few companies have commercialized products. During the period from 2006 to 2009, the number of biotech startups dissolving per year reached around 15, while the number of new startups established fell sharply, partly due to the impact of the collapse of Lehman Brothers.

Figure 1-3-5

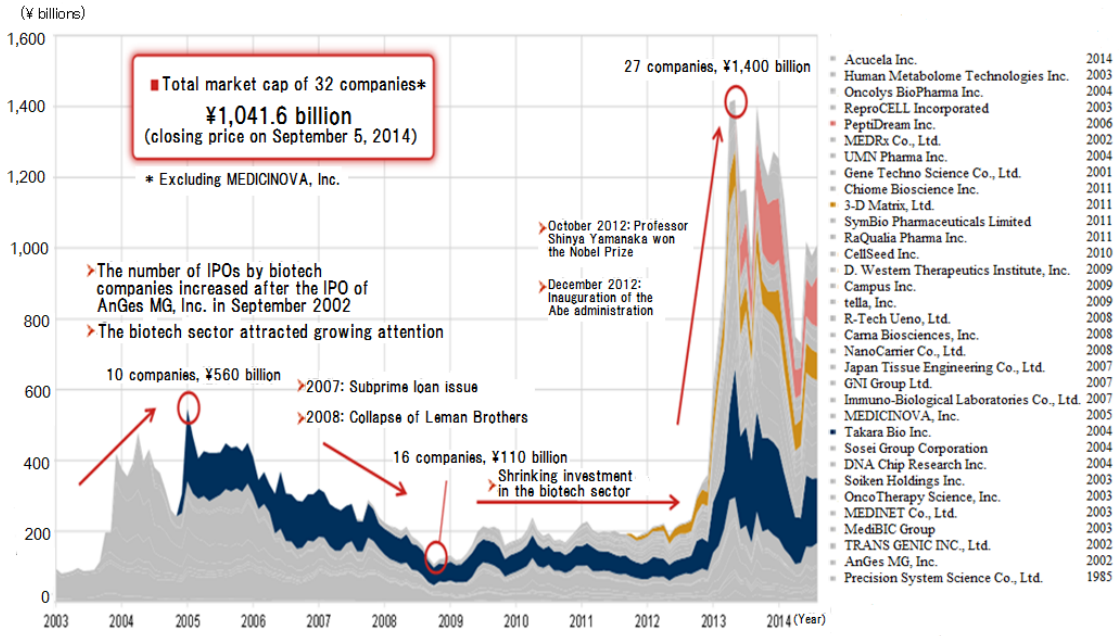
Number of Bio Startups Established and Number of Dissolved/Dormant Companies



(Source: "Report on Statistics and Survey of Bio Startups for 2014" Japan Bioindustry Association)

Figure 1-3-6 describes the total market cap of 32 listed startup companies in the biotech sector. Total market cap for the sector remained flat for a period until October 2012, but it rised after Professor Shinya Yamanaka won the Nobel Prize in Physiology or Medicine.

Figure 1-3-6 Total Market Cap of 32 Companies in Japan's Biotech Sector



(Source: Nomura Research and Advisory Co., Ltd.)

Figure 1-3-7 Listing of Biotechnology Startups in the Past One Year

(from June 2013 to November 2014)

Date	Company Name	IPO	Business Description
June 2013	PeptiDream Inc.	TSE Mothers	Drug discovery R&D using non-standard peptide
June 2013	ReproCELL, Inc.	JASDAQ	Provided Professor Yamanaka with culture medium for iPS cells
December 2013	Oncolys BioPharma Inc.	TSE Mothers	Developing Anti-HIV drug, new chemotherapeutic agent Telomelysin
December 2013	Human Metabolome Technologies Inc.	TSE Mothers	Providing the world's only analysis service offering metabolism profiling using capillary electrophoresis mass spectrometry (CE-MS)
February 2014	Acucela Inc.	TSE Mothers	Developing oral age-related macular degeneration drugs
September 2014	RIBOMIC Inc.	TSE Mothers	A drug development bio startup dealing in molecular target drugs using ribonucleic acid (RNA) aptamer

(Source: Websites, Prepared by VEC)

In early 2013, Prime Minister Abe announced a plan to allocate a large portion of the budget to iPS (induced pluripotent stem) cells, saying: "In the next 10 years, we will allocate about ¥110 billion, including this year's supplementary budget, to regenerative medicine and drug development research using iPS cells." This resulted in a sharp increase in the share prices of bio startups.

The government also took steps to develop laws for promoting regenerative medicine. The "Amended Pharmaceutical Affairs Act," which was enacted in November 2013, introduced an approval system with conditions and for a limited term, enables Japan to put new drugs on the market with the fastest lead-time in the world.

Figure 1-3-8

Progress in Developing Laws for Promoting Regenerative Medicine

Date	Progress in Development of Laws
April 26, 2013	The "**Regenerative Medicine Law**" was passed
November 20, 2013	The "**Amended Pharmaceutical Affairs Act**" and the "**Act on the Safety of Regenerative Medicine**" were passed

Note: **Regenerative Medicine Law:** The fundamental law to promote regenerative medicine
Act on the Safety of Regenerative Medicine: The law to regulate treatment using cells including induced pluripotent stem cells (iPS cells)
Amended Pharmaceutical Affairs Act: The law to simplify approval procedures for regenerative medicine products including cell sheet and medical devices

In line with amendment of the Pharmaceutical Affairs Act, SanBio Inc., a regenerative medicine startup, transferred its headquarters function from the US to Japan and reversed the parent subsidiary relationship in January 2014.

● **Approval System with Conditions and for a Limited Term**

In the "Promotion of Medical Innovation" in "Emergency Economic Measures for the Revitalization of the Japanese Economy" (Cabinet decision on January 11, 2013), the government stated its plans to:

- Introduce a new conditional approval system based on the characteristics of regenerative medicine products, and
- Establish a framework enabling the outsourcing of cell processing to non-medical institutions, while ensuring the safety of regenerative medicine.

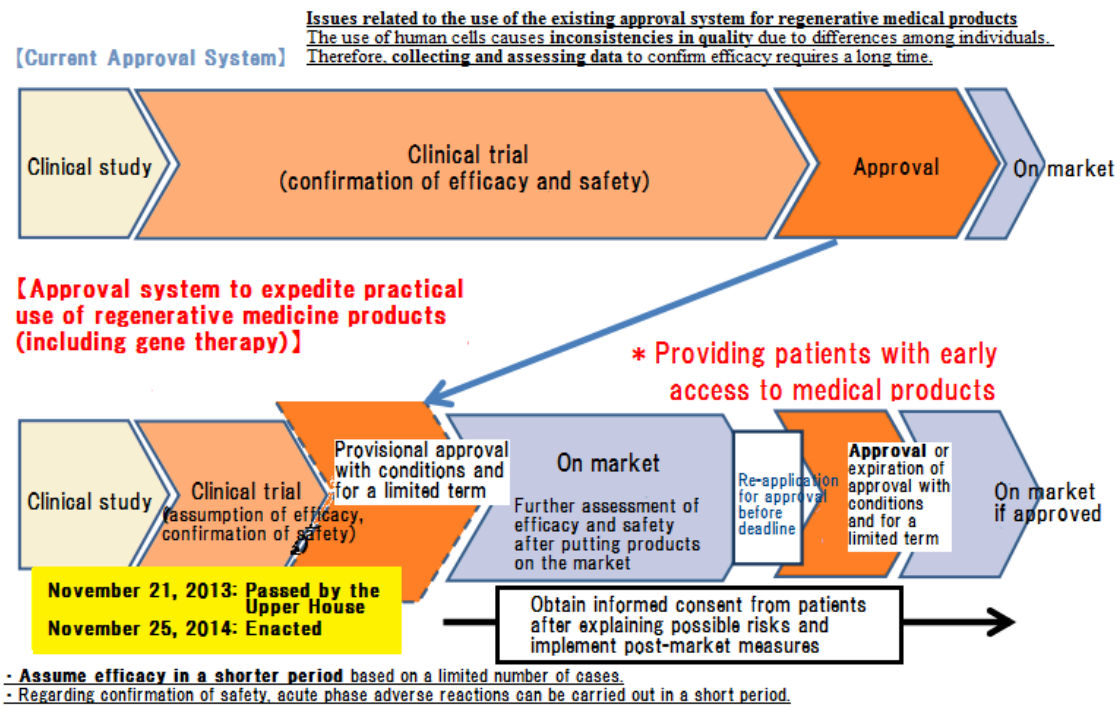
The Working Group on Healthcare and Medical Care under the government's Regulatory Reform Council designed a new approval system under conditions and for a limited term with the aim of enabling Japan to take actions to become a global leader in the regenerative medicine field using iPS cells.

The "Amended Pharmaceutical Affairs Act for Regenerative Medicine"

1. Handling regenerative medicine products separately from drugs and medical devices
2. Approval system to enable early practical use of regenerative medicine products

Regenerative medicine products use human cells which leads to inconsistencies in quality due to differences among individuals. Therefore, collecting and assessing data to confirm efficacy takes a long time. As a result, a framework will be introduced to give approval under conditions and for a limited term if efficacy can be assumed and safety can be confirmed. In such cases, reassessments of efficacy and safety will be carried out after approval.

Figure 1-3-9 Approval System for the Practical Use of Regenerative Medicine Products (under conditions and for a limited term)



(Source: "Possibility of Regenerative Medicine: Implications of the Amended Pharmaceutical Affairs Act" Ryuichi Morishita, Member of Regulatory Reform Council, Special Adviser for Cabinet, Cabinet Secretariat, Office of Healthcare Policy, Graduate School of Medicine/Faculty of Medicine, Osaka University)

Column 9: Social entrepreneurs are providing a wide range of support in various areas

An increasing number of people, mainly young adults, are aspiring to become social entrepreneurs who engage in businesses that solve social issues in various areas such as education, social welfare, and rural development. The main factors contributing to the increase are the exposure of social issues due to a prolonged economic stagnation and the Great East Japan Earthquake, in addition to an increase in business startup activities. The social entrepreneur ecosystem is being put into place using knowhow of supporting startups. There are people who become social entrepreneurs based on their experience in for-profit startups.

NPO After School (Minato-ku, Tokyo) is a non-profit organization aimed at facilitating the healthy growth of children through after-school activities. Social Investment Partners (SIP, CEO Tomoya Shiraishi) has been providing financial and management support to the NPO since 2013. SIP brings together business expertise and knowhow of venture capitalists and former corporate executives to support the management team of the NPO who are social entrepreneurs.

ETIC (Shibuya-ku, Tokyo) is believed to have the largest social business ecosystem in Japan for providing support to social entrepreneurs. ETIC originally supported both students and startups by providing college students with internship opportunities at startups. ETIC was also a key player in boom of starting IT businesses called Bit Valley at the end of the 1990s. Since then, ETIC has been leveraging experience gained from supporting startups to support social entrepreneurs by organizing business plan competitions for social entrepreneurs and running business schools.

There are social entrepreneurs who have turned away from for-profit startups. The President of NPO Florence (Chiyoda-ku, Tokyo),which provides sick child care services, used to be an IT startup business manager. GRA Inc. (Sendai-shi, Miyagi), an agricultural production corporation with the mission to produce strawberries in areas affected by the Great East Japan Earthquake, is run by a startup business manager who is from the local community and wearing two hats. There are an increasing number of cases where startup company managers, who have sold their companies through M&A, support businesses of social entrepreneurs from positions such as independent directors, executive board members, and corporate advisors.

1.4 Government Support for Startup Businesses

(1) Venture Support by the Government and Government-affiliated Institutions

One of the focuses of the government's "Growth Strategy" announced in late June 2013 was the provision of support to startups.

The "Industry Revitalization Plan" was among three action plans set out in the "Growth Strategy" and the following venture support initiatives were listed under the promotion of startup investments and re-challenge investments by making the most of resources inside and outside Japan.

● Speeding up the restructuring of industries and accelerating startup businesses

Bold moves should be taken to discard old facilities, equipment, and assets so that outdated facilities and equipment can be replaced with the state-of-the-art assets. R&D aimed at retaking a global lead should be accelerated. Funds, human resources, and capital should be actively mobilized in growth sectors. Bold business restructuring should be pushed through by companies and industries to promote such a turnover of equipment.

KPI

Ensure that the firm entry rate exceeds the exit rate, and raise the entry and exit rates to the 10% range, which is on a par with rates in the USA and the UK (from the current rate of around 5%)

Figure 1-4-1 Venture Support Initiatives under the Industry Revitalization Plan

- ○ Cultivating personnel who are responsible for creating startup businesses and other new businesses, personnel who have mature judgment and supporting ability
- ○ Encouraging individuals to invest in startups (improving tax conditions for angels)
- ○ Encouraging the private sector to invest in startups (facilitating investment in startup companies using funds from the private sector and promoting the effective supply of risk money by the Innovation Network Corporation of Japan)
- ○ Revising the personal guarantee system
- ○ Using operating resources of existing companies (supporting spin-offs and carve-outs and promoting open innovation)

In June 2014, the government announced the "Japan Revitalization Strategy: Revised in 2014" , revealing its plans to strengthen support for startup businesses.

● Accelerating industrial restructuring and startup businesses

Urging existing companies to reform alone would be insufficient for promoting business restructuring to shift investment and employment to more profitable and productive areas. It is very important to develop an environment where startup businesses are launched successively to drive growth areas.

Comprehensive measures will be taken to eliminate institutional, human, and financial obstacles to business launches, spin-offs, and carve-outs from large companies, and mergers and acquisitions so that startup businesses can become active.

Figure 1-4-2

Venture Support Initiatives under the "Japan Revitalization Strategy: Revised in 2014"

- ○ Appropriate revision of the policy asset mix of the Government Pension Investment Fund (GPIF), as well as improvements to the GPIF structure and securing investment professionals.
- ○ Involve large companies through the Venture Business Creation Council (created in September 2014)
- ○ Promote startup companies' participation in government procurement
- ○ Change attitudes among citizens and providing entrepreneurship education
  - • Create an award program (Prime Minister's Awards) to publicly commend startup business activities.
  - • Promote an entrepreneurship education format at elementary and secondary education level
- ○ Clarify the handling of (or paying) employment insurance benefits for people preparing for or considering business startup, while engaged in job-seeking.
- ○ Promote the provision of funds for growth including equity and mezzanine finance and medium to long-term loans.
- ○ Aim to reduce the percentage of the effective corporate tax rate to the twenties within several years.
- ○ Introduce and use the cross-appointment system
- ○ Launch a council for achieving a robotics revolution

Over the past year, the government, particularly the Ministry of Economy, Trade and Industry (METI), has announced a variety of venture support initiatives. In addition to announcing the comprehensive initiatives listed on the following page, METI has been providing venture support through the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN, the Japan External Trade Organization, the New Energy and Industrial Technology Development Organization, and the National Institute of Advanced Industrial Science and Technology.

Government agencies other than METI have also promoted a wide range of venture support initiatives.

See below for the activities of each government agency as of November 15, 2014.

Figure 1-4-3 List of Government Venture Support Activities

	Operator		Implementation Details	Year
Ministry of Economy, Trade and Industry	Ministry of Economy, Trade and Industry			
	Economic and Industrial Policy Bureau New Business Policy Office		Conference for Supporting New Business Creation The Expert Meeting on Venture Business Establishment of the Venture Business Creation Council	2013 2013 2014
		Small and Medium Enterprise Agency	Business Creation School, Entrepreneur Education Business	2014
		Japan External Trade Organization (JETRO)	Silicon Valley Innovation Program (SVIP)	2013
		New Energy and Industrial Technology Development Organization (NEDO)	New Energy Venture Business Technology Innovation Program Innovation Commercialization Venture Support Project R&D Venture Support Program Platform for Supporting the Creation of New R&D-based Business	2007 2014 2014 2014
		Organization for Small & Medium Enterprises and Regional Innovation, JAPAN	Japan Venture Awards	2001
		National Institute of Advanced Industrial Science and Technology	Venture creation/support business	2002
		Information-technology Promotion Agency, Japan (IPA)	Holding the MITOH Symposium	2013 ~ 2014
Ministry of Education, Culture, Sports, Science and Technology	Ministry of Education, Culture, Sports, Science and Technology			
	Science and Technology Policy Bureau		Project for Creating STart-ups from Advanced Research and Technology (START) Enhancing Development of Global Entrepreneur Program (EDGE Program)	2012 ~ 2014 2014
	Higher Education Bureau		The public-private innovation program	2014
		Japan Science and Technology Agency (JST)	Adaptable & Seamless Technology Transfer Program through Target-driven R&D (A-STEP)	2014
			SUpport program of Capital Contribution to Early-Stage companies (SUCCESS)	2014
Ministry of Internal Affairs and Communications	Ministry of Internal Affairs and Communications			
	Global ICT Strategy Bureau Technology Policy Division		Special Framework for Creative People: (inno) vation Program I-Challenge! (ICT Innovation Creation Challenge Program)	2014
		National Institute of Information and Communications Technology (NICT)	Kigyouka Koshien Kigyouka Expo (held under the name of ICT Venture Business Plan Contest until 2012)	2011 2000
Ministry of Justice	Ministry of Justice			
	Immigration Bureau of Japan		Revision of resident's status of highly skilled foreign professionals and other resident's status	2015

Ministry of Health, Labour and Welfare	Ministry of Health, Labour and Welfare		
	Employment Security Bureau	Clarifying the provision of the basic allowance for employment insurance to people who prepare for or consider starting up new businesses during their job-seeking periods after retiring from their companies	2014
Cabinet Office, Government Of Japan	Cabinet Office, Government Of Japan		
	Office for Promotion of Regional Revitalization, Cabinet Office, Government Of Japan	Establishment of special zones (Kansai, Fukuoka City, Yabu City) and deregulation	2014
Government affiliated financial institutions	Japan Finance Corporation	Provision of funds to startup companies through capital loans	2008
		High School Student Business Plan Grand Prix	2013
	Development Bank of Japan Inc.	Women Entrepreneurs New Business Plan Competition	2011

(Source: Prepared by VEC)

In this section, venture support measures that have been developed from FY 2013 to FY 2014 are listed below (however, pioneering support measures, including those that have been implemented continuously are also listed below.).

(2) Ministry of Economy, Trade and Industry

■ Ministry of Economy, Trade and Industry

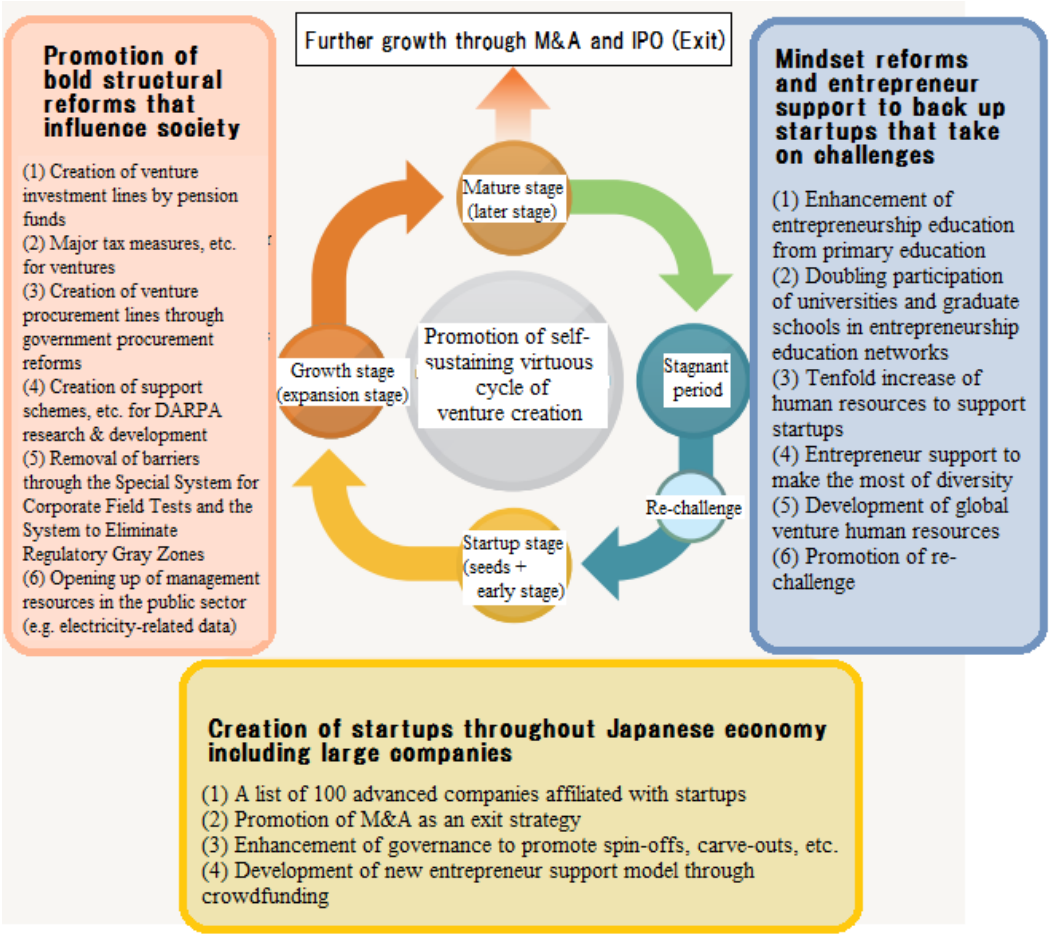
The New Business Policy Office, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry (METI) has engaged in a wide range of activities to support startups including the establishment of the Expert Meeting on Venture Business, development of venture policies for the Japan Revitalization Strategy, establishment of the Venture Business Creation Council, creation of support personnel networks, and enhancement of tax systems to support startups.

1. The Expert Meeting on Venture Business

From December 2013 to March 2014, METI held meetings with private expert panels on three occasions aimed at promoting the creation of venture businesses, and discussed issues related to current support measures for venture businesses and possible measures for overcoming challenges. The results of the discussions were compiled into a final report and released in April 2014.

Schedule 1st: December 4, 2013 3rd: March 31, 2014
2nd: January 27, 2014 Report: April 14, 2014

Figure 1-4-4 "Report on Expert Meeting on Venture Business"



(Source: Ministry of Economy, Trade and Industry, "Report on the Expert Meeting on Venture Business")

Members of the Panel

Mr. Gen Isayama, President, WiL (former DCM partner)
Mr. Kazuhiko Toyama, Representative Director and CEO, Industrial Growth Platform, Inc.
Mr. Taizo Son, CEO, Movida Japan Inc.
Ms. Tomoko Namba, member of the board and founder, DeNA Co., Ltd.
Mr. Hirokazu Hasegawa, Professor, Waseda Business School, Waseda University
Mr. Yoshito Hori, President, Graduate School of Management, GLOBIS University
Mr. Takashi Mitachi, Co-chairman, Japan branch, Boston Consulting Group
Ms. Rika Yajima, president, aeru

2. Proposals for Venture Policies at the Council for Industrial Competitiveness (FY 2013 – 2014)

Based on the report by the Expert Meeting on Venture Business, Mr. Toshimitsu Motegi, Minister of Economy, Trade and Industry introduced "Creating a Virtuous Cycle of Venture Creation" at the third joint meeting of the Council on Economic and Fiscal Policy and the Industrial Competitiveness Council of 2014 held by the Headquarters for Japan's Economic Revitalization, a control center responsible for planning and overall arrangement of growth strategies. At the meeting, a decision was made regarding venture policies to discuss a revision of the "Growth Policy" under METI.

Figure 1-4-5 Ministry of Economy, Trade and Industry
Items Presented in the "Creating a Virtuous Cycle of Venture Creation"

Item	Details
1. Creation of ventures by the entire Japanese economy	(1) Creating Venture Business Creation Council (2) Promoting M&As as an exit strategy (3) Promoting spin-offs and carve-outs through enhanced governance, etc. (4) Accelerating venture investments by public-private funds and crowdfunding
2. Implementation of bold structural reforms	(1) Promoting the use of ventures in government procurement (2) Implementing bold tax measures for ventures, etc. (3) Reconsidering portfolio of public and quasi-public funds (4) Providing support to ventures through national projects
3. Human resources: Mindset reforms and entrepreneur support to back up ventures that take on challenges	(1) Entrepreneurship education from primary education (2) Practical entrepreneurship education at universities and graduate schools (3) Increasing venture support personnel tenfold (4) Changing mindset through venture award programs (5) Entrepreneur support by leveraging diversity

(Source: "Creating a Virtuous Cycle of Venture Creation" (April 16, 2014, Report to Minister of Economy, Trade and Industry Toshimitsu Motegi) explained at the third joint meeting of the Council on Economic and Fiscal Policy and the Industrial Competitiveness Council, the Headquarters for Japan's Economic Revitalization)

3. Establishment of Venture Business Creation Council

A report was compiled by the Expert Meeting on Venture Business (mentioned in 1. Above) in April 2014, and the Venture Business Creation Council was established at the Conference for Commemorating the Establishment of the Venture Business Creation Council in September 2014 to take up the challenge that—"the environment for facilitating many startups and their growth has not yet been developed in Japan". The Venture Business Creation Council aims to create a virtuous cycle of venture creation in Japan by facilitating collaboration between large/middle market companies and ventures under the broad

vision of society as a whole taking on new challenges.
The council aims to create a major social movement for venture creation by inviting participation from venture support institutions such as major companies, startup companies, VC, attorneys, accountants, and tax accountants, financial institutions, universities, government affiliated institutions, etc. to provide a forum for holding business matching events and exchanging information on human resource development programs.

4. Startup/Large Company Collaboration Events

METI hosted or sponsored the following events from FY 2013 to FY 2014 as part of its activities to support venture businesses.

Figure 1-4-6 Venture Support Events by the Ministry of Economy, Trade and Industry

Name of Event	Date	Venue	Remarks
Symposium for Supporting New Business Creation with Connect!	March 2013	Marunouchi Hall	Hosted by METI; Co-hosted by the JNB and NBC
Symposium for Supporting New Business Creation & Connect! — Jump Start NIPPON	June 2013	Hotel New Otani	Hosted by METI; Co-hosted by the JNB and NBC
Conference for Supporting New Business Creation	January 2014	Bellesalle Shinjuku Ground	Hosted by METI
Tokyo Innovation Leaders Summit			Hosted by the Tokyo Innovation Leaders Summit Committee; supported by METI; a business matching event where 82 large companies and 440 next-generation ventures gathered
Conference for Commemorating the Establishment of the Venture Business Creation Council	September 2014	Toranomon Hills	Hosted by METI; Declared the establishment of the Venture Business Creation Council
The Second Tokyo Innovation Leaders Summit			Hosted by the Tokyo Innovation Leaders Summit Committee, supported by METI; a business matching event where 100 large companies and 500 next-generation ventures gathered

5. Cultivating Personnel Who Have Mature Judgment to Create Venture Businesses and Supporting Personnel (FY 2013 supplementary budget)

METI invited applications for a team to support entrepreneurs from FY 2013 to FY 2014. The selected supporters have implemented a model business to support Seed stage startups and have created support networks, while sharing expertise on providing support within the working group.

Figure 1-4-7 Ministry of Economy, Trade and Industry
Invitation of Applications for Venture Supporter Team

Item	Details
Project description	・ Creating a supporting personnel working group as a platform for personnel who are experts in providing Seed stage support ・ WG supporters implement a model business to support Seed stage startups ・ Disseminating achievements and issues of model businesses and training skilled support personnel ・ Dispatching venture executives, support personnel, etc. to college courses
Supporting personnel working group	・ Consists of supporters such as VC, consultants, and incubators ・ Implementation of a model business to support Seed stage startups; sharing the progress of model businesses at the working group meeting held roughly on a monthly basis; Reporting results and issues of support activities to the supporter meeting
Application period	1st application: February 7, 2014 to March 7, 2014 2nd application: April 25, 2014 to May 23, 2014
Responsible office	New Business Policy Office, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry

(Source: Invitation of Applications for Venture Supporter Team regarding Cultivating Personnel Who Have Mature Judgment to Create Venture Businesses and Supporting Personnel)

6. Angel Tax System

The angel tax system provides tax incentives to investors who make angel investments in startup companies.

Benefit A (for investments into companies less than three years old): Amount of investment in venture is deducted from taxable income of the year

* The limit on the amount of investment is up to 40% of taxable income or ¥10 million.

Benefit B (for investment into companies less than 10 years old): Amount of investment in venture is deducted from capital gain on stock sales of the year

* There is limit on the amount of investment.

In the event of a loss from sale of stock, investors may offset losses from selling stock in the enterprise against other capital gains (losses can be carried over for up to three years)

* Applicable when acquiring new shares issued by companies meeting certain requirements

Considering that the use of the angel tax system is not increasing as expected, METI is promoting the system by implementing a series of initiatives including renewal of the Angel tax system website and development of Angel tax system assessment sheet.

7. Startup Company Investment Promotion System

The system gives preferential tax treatment to companies that provide funds to startup companies through qualified VC funds with hands-on support skills. More specifically, 80% of investments made in startups are deductible as a loss reserve.

On November 28, 2014, METI approved a specified new business investment plan based on the Industrial Competitiveness Enhancement Act for venture funds. (For more details, see the Ministry of Economy, Trade and Industry website.)

8. Network for Promoting Entrepreneurship Education at Universities and Graduate Schools

With the aim of increasing the quality of entrepreneurship education in Japan, METI, together with university/graduate school lecturers and business persons, organized the Network for Promoting Entrepreneurship Education at Universities and Graduate Schools. The network shares information on teaching techniques and materials, as well as promotes collaboration between universities/graduate schools and the industrial world. As part of this effort, the network is holding the University Venture Grand Prix, a nationwide business plan competition for schools providing entrepreneurship education.

■ Small and Medium Enterprise Agency

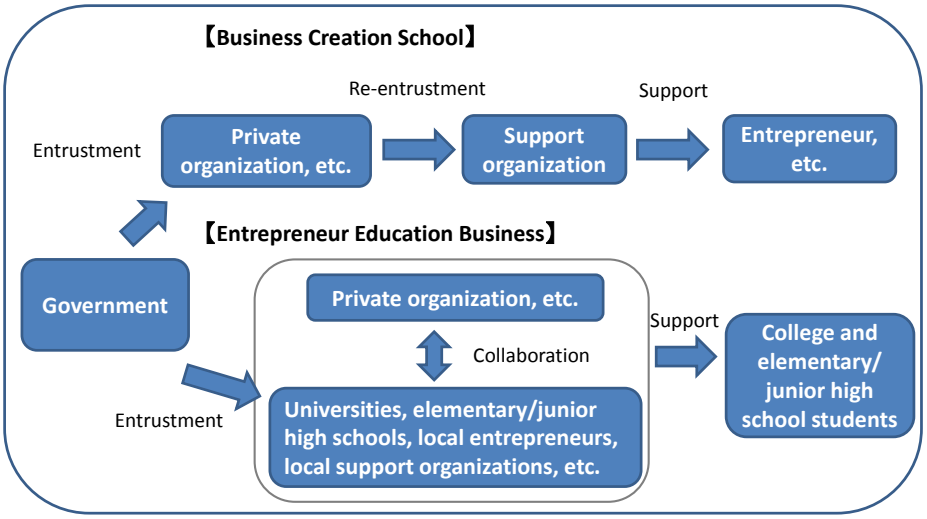
1. Business Creation School

To increase the firm entry rate from the current rate of 4.6% to the 10% range, which is on a par with rates in the USA and the UK, the Small and Medium Enterprise Agency opened the Business Creation School nationwide in August 2014. The Business Creation School aims to help tomorrow's entrepreneurs acquire basic knowledge and to develop business plans.

2. Entrepreneur Education Business

Through the effective use of private organizations that are cooperating with elementary and junior high schools, as well as with municipalities, the Small and Medium Enterprise Agency is providing a wide range of support including interactions with entrepreneurs who are close to elementary and junior high school students, office visits, and other advanced activities.

Figure 1-4-8 Overview of Business Creation School



(Source: Ministry of Economy, Trade and Industry FY 2015 Ministry of Economy, Trade and Industry budgetary request document, the Small and Medium Enterprise Agency)

Item	Details
Summary	Providing support for business startups by preparing curriculums such as business management, marketing, accounting, tax, and others for people who are planning to start businesses in the region or those who try to launch again a new business, and providing them with support to acquire the knowledge and knowhow necessary when starting a business and developing business plans
School location/Number of courses	Number of schools to be opened: 227 schools nationwide Number of courses to be offered: 291 courses in total
Participation fees	Basic course/Female entrepreneur course: ¥10,800 (tax included) Course for those making a second attempt: ¥5,400 (tax included)
Operation	Outsourcing management to regional educational institutions, chambers of commerce, and other institutions FY 2014 Regional Business Startup Promotion Support Business Management Office (located within Pasona Inc.)
Responsible office	Startup/New Business Promotion Division, Business Support Department, Small and Medium Enterprise Agency

(Source: Prepared by VEC based on website information)

■ Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support, JAPAN)

Besides investing in funds mentioned in "Funds to Spur Growth" (P. I-25), the SME Support, JAPAN has been providing a wide range of support since FY 2001, including presentation of awards to outstanding startups, provision of incubator facilities, and delivery of VC/VB information. Startups support activities include the following:

Figure 1-4-9 Startup Support Activities of SME Support, JAPAN

Item	Details	Responsible office
Award	Holding the Japan Venture Awards An annual award program established to praise startup company executives (14th in 2014) (http://j-venture.smrj.go.jp/outline/)	Business & Venture Support Division, Business Support Department
Provision of incubator facilities	A list of business incubators (http://www.smrj.go.jp/incubation/054808.html#kanto)	
Delivery of VC/VB information	Operation of "Venture Investment Navi" website (https://vdb.smrj.go.jp/viis/REF_BP001_SCR002.action)	Fund Management Department

■ Japan External Trade Organization (JETRO)

The Japan External Trade Organization (JETRO) launched the Silicon Valley Innovation Program (SVIP) in FY 2013 with the aim of providing support to SMEs and startup companies to expand into Silicon Valley. The 2nd SVIP was launched in FY 2014.

Figure 1-4-10 Overview of Silicon Valley Innovation Program (SVIP)

Item	Details
Applicable industry/company	SMEs and startup companies having innovative technologies, products, and business models
Service details	・ Provision of Silicon Valley information (pre-departure information gathering, visit, and counseling) ・ Provision of pre-departure support to increase US style business skills (e.g. presentation, marketing instructions) ・ Post-departure services in cooperation with business startup support organizations (accelerator) 1. Consulting (mentoring) and marketing related to business startup 2. Support for network building in the United States (e.g. introduction of investors and business partners, participation in networking events, holding of pitch events) ・ Support for establishing a company 1. Provision of legal, labor (including work visas), and tax advice 2. Selection of office locations, recruitment
Support period	1 to 6 months
Costs	Program participation fees: ¥18,500 (tax included)
Application period	For FY 2014, from March 31 to May 16 (undecided for the next fiscal year)
Responsible office	JETRO Manufacturing and Environment Industry Department

(Source: Silicon Valley Innovation Program website; http://www.jetro.go.jp/services/innovation/)

■ National Institute of Advanced Industrial Science and Technology (AIST)

The National Institute of Advanced Industrial Science and Technology (AIST) has been engaged in creating and supporting startup companies (high-tech startups) with the aim of publishing leading-edge research findings in a timely manner. The AIST has been developing frameworks for startup development and support since FY 2002. The Division for Start-ups is responsible for promoting the Business Development Task Force (Task Force) and operating the support system for AIST start-ups and investment in kind.

[Overview of Division for Start-ups]

- The Business Development Task Force (a project to build startup businesses based mainly on technology seeds created at AIST through cooperation between researchers and business personnel)
- The Carve-out Project (a project for the Task Force to build startup businesses by accepting companies' technology seeds and human resources)
- Support system for AIST start-ups (e.g. partial granting of intellectual property rights to AIST start-ups, setting exercise rights for exclusive use, reduction of use charge of facilities and apparatus, consultations with experts)
- Investment in kind including equipment, patent rights, etc. in AIST start-ups
- Featuring AIST start-ups on the "TECH Meets BUSINESS" website

The Division for Start-ups has held the Venture Development Report Meeting (formerly: Taskforce Report Meeting) since FY 2005 to report the results. The 10th Venture Development Report Meeting was held in September 2014.

■ New Energy and Industrial Technology Development Organization (NEDO)

The New Energy and Industrial Technology Development Organization (NEDO) provides the following startup support services:

1. Innovation Commercialization Venture Support Project
2. New Energy Venture Business Technology Innovation Program
3. R&D Venture Support Program
4. Platform for Supporting the Creation of New R&D-based Businesses

1. Innovation Commercialization Venture Support Project

The project invited applications under the theme of commercial development.

Figure 1-4-11 Innovation Commercialization Venture Support Project

Item	Details
Project purpose	As part of the "Platform for Supporting the Creation of New R&D-based Business," providing support for commercializing excellent technical seeds and promising unused technologies owned by R&D-based startup companies
Requirements of project	An application must satisfy the following conditions: [1] It must be a new and highly innovative commercial development that can contribute to the creation of innovation, enhance competitiveness, and achieve sustainable economic growth; and [2] There must be a concrete plan based on which commercialization will be achieved within approximately three to five years after the project period.
Subsidy rate	Two thirds or less
Subsidy amount	15 million yen to 500 million yen
Project period	From the date (late April 2014) of decision of grant until February 28, 2015
Application period	From January 15, 2014 to March 3, 2014
Responsible office	Platform Group, Innovation Promotion Department

(Source: NEDO website)

2. New Energy Venture Business Technology Innovation Program

The program invited applications for technology development.

Figure 1-4-12 New Energy Venture Business Technology Innovation Program

Item	Details		
Project purpose	Invite applications for technology development based on potential technology seeds owned by SMEs, etc. (including startup companies) focusing on the importance of the renewable energy sector		
Phase	Phase A: Feasibility study	Phase B: Basic research	Phase C: Application research and development
Project period	Up to 1 year	Up to 1 year	Approx. 1 year
Contract type	Up to ¥10 million/theme Commission: NEDO burden ratio 100%	Up to ¥50 million/theme Commission: NEDO burden ratio 100%	Up to ¥50 million/theme Subsidy: NEDO burden ratio 2/3
Application period	From March 14, 2014 to April 15, 2014 (1st application) From September 1, 2014 to October 1, 2014 (2nd application)		
Responsible office	Platform Group, Innovation Promotion Department		

(Source: NEDO website)

3. R&D Venture Support Program

NEDO launched the R&D Venture Support Program in FY 2014. As part of the program, NEDO invited applications for entrepreneur candidates with business plans to use specific technical seeds who will conduct activities aimed at creating a mega venture company in the future by receiving hands-on instruction from business Catalyzers (people who support commercialization).

Candidates are called Startup Innovators (SUI) and teams selected from open applications (teams that passed the first screening were announced on September 1, 2014) will carry out activities for up to two years with the aim of becoming a mega venture in the future.

Figure 1-4-13 Overview of R&D Venture Support Program

Item	Details
Overview of support	・ Inviting applications for entrepreneur candidates who have business plans to use specific technical seeds ・ Conducting activities aimed at launching an R&D venture company and turning it into a mega venture company in the future
Details of support	1. Provision of hands-on support for business startup activities by a business Catalyzer (people who support commercialization) who is commissioned by the NEDO 2. Annual payment of up to ¥15 million/team in principle as costs for SUI to conduct business feasibility studies 3. Monthly payment of up to ¥542,000/person (equivalent to the payment of ¥6.5 million/year) in principle for SUI's labor costs for business feasibility studies 4. Matching with outside technology seeds 5. Matching investors and partners 6. Co-working space at NEDO Headquarters (Kawasaki) (plan)
Financial support	Payment of up to ¥15 million/year for SUI's activity costs; up to ¥6.5 million/year for SUI's labor costs
Business period	In principle, up to two years from the date designated by NEDO
Application period	From July 18, 2014 to August 18, 2014
Responsible office	Platform Group, Innovation Promotion Department

(Source: Invitation for applications from entrepreneur candidates (startup innovators), briefing documents 2)

4. Program for Giving Advice on Promoting Business Creation to R&D Startup Companies (Platform for Supporting the Creation of New R&D-based Business)

A program to give instruction and advice to existing R&D startup companies from business Catalyzers (people who support commercialization) who are commissioned by NEDO

Figure 1-4-14 Platform for Supporting the Creation of New R&D-based Business

Item	Details
Project purpose	Providing consistent, intensive, and comprehensive instructions by selecting business Catalyzers with extensive business experience in business planning, marketing, channel expansion, and more as well as experience starting a business or providing business startup support; the goal is to accelerate business activities based on technologies owned by R&D startup companies, etc.
Number of times advice is provided	Up to five times per company
Application period	Applications are accepted anytime via the NEDO website
Responsible office	Platform Group, Innovation Promotion Department

(Source: NEDO website)

■ Information-technology Promotion Agency, Japan (IPA)

Since FY 2013, the Information-technology Promotion Agency, Japan (IPA) has held the MITOH Symposium, a symposium designed to introduce outstanding IT human resources, who thrive in the world, and who have been discovered and trained under the Exploratory IT Human Resources Project (MITOH program) and technologies and services. The IPA held the 2nd MITOH Symposium in March 2014.

Figure 1-4-15 Overview of the 2nd MITOH Symposium

Item	Details
Purpose	Introduction of outstanding IT human resources, who thrive in the world, who have been discovered and trained under the MITOH program, and technologies and services
Number of participants	150
Venue	Bellesalle Akihabara B1 hall
Date	March 14, 2014
Responsible office	The MITOH Group, Center for Innovative Human Resources, IT Human Resources Development Headquarters

(Source: Information-technology Promotion Agency, Japan Program for the 2nd MITOH Symposium)

(3) Ministry of Education, Culture, Sports, Science and Technology

■ Ministry of Education, Culture, Sports, Science and Technology

As part of its venture support business, the Ministry of Education, Culture, Sports, Science and Technology has been carrying out the Project for Creating STart-ups from Advanced Research and Technology (START), the Enhancing Development of Global Entrepreneur Program (EDGE Program), and the Public-Private Innovation Program.

● Project for Creating STart-ups from Advanced Research and Technology (START)

The Science and Technology Policy Bureau, University-industry Collaboration and Regional R&D Division has been carrying out the Project for Creating STart-ups from Advanced Research and Technology (START) with the aim of providing support to startups launched by universities.

● Enhancing Development of Global Entrepreneur Program (EDGE Program)

Accelerating innovation requires: (1) development of human resources who facilitate the creation of startups based on the R&D of universities, etc. and the creation of new businesses by existing companies and (2) creation of an innovation ecosystem by related institutions.

The Ministry of Education, Culture, Sports, Science and Technology has conducted the Enhancing Development of Global Entrepreneur Program (EDGE Program), in order to support activities for developing human resources by leveraging participants' active learning with the aim of helping participants mainly consisting of graduate school students and young researchers with expertise to acquire an entrepreneurial mindset, business expertise, skills to identify and solve issues, and broader perspectives.

Figure 1-4-16

Enhancing Development of Global Entrepreneur Program (EDGE Program)

Item	Details
Purpose	Development of human resources with entrepreneurial mindsets, commercialization expertise, problem identification and solution skills, broader perspectives, etc.
Applicable participants	Graduate school students, young researchers, postdoctoral researchers, etc.
Details of activities	Provision of support to universities, etc. that, in cooperation with overseas institutions, private companies, etc., develop/implement programs for developing human resources who will take on the challenge of starting a business or innovate in the industrial world.
Program examples	・A program involving venture capitalists, manufacturers, financial institutions, and universities to enable young researchers to acquire commercialization methods and an entrepreneurial mindset ・A program focusing on project-based learning (PBL), which uses design-oriented and business-oriented approaches, or arts and sciences to identify issues to be solved
Responsible office	Section in charge of Enhancing Development of Global Entrepreneur Program (in charge of EDGE), University-industry Collaboration and Regional R&D Division, Science and Technology Policy Bureau, Ministry of Education, Culture, Sports, Science and Technology
Period	From FY 2014 to FY 2016

(Source: Ministry of Education, Culture, Sports, Science and Technology website EDGE Program website)

● Public-private Innovation Program

(promotion of public-private research and development for commercialization)

A cabinet decision on “Emergency Economic Measures for the Revitalization of the Japanese Economy” was made in January 2013 and the FY 2012 supplementary budget was submitted and passed by the Diet on January 28, 2013.

The Industrial Competitiveness Enhancement Act, which became effective in April 2014, has enabled national universities, etc. to invest in VC funds that satisfy certain requirements.

Figure 1-4-17 Investment of ¥100 Billion in National Universities under the Public-private Innovation Program

Making ¥100 billion investments in four national universities with high research capabilities and experience in joint research as part of the FY 2012 supplementary budget

・Investments by university (total of ¥100.0 billion)

1. University of Tokyo: ¥41.7 billion, 2. Kyoto University: ¥29.2 billion, 3. Osaka University: ¥16.6 billion, 4. Tohoku University: ¥12.5 billion

University	Amount	Status of Applications for Approval
1. University of Tokyo	¥41.7 billion	○ No applications for approval to invest in VCs had been made as of the end of November 2014
2. Kyoto University	¥29.2 billion	○ An application for approval to invest in Kyoto University Innovation Capital Co., Ltd. was made; the Public-Private Innovation Program, National University Corporation Evaluation Committee exchanged opinions on September 3, 2014 ○ The final decision on approval will be made after consultations with the Finance Minister (as of the end of November 2014)
3. Osaka University	¥16.6 billion	○ An application for approval to invest in OSAKA University Venture Capital Co., Ltd. was made; the Public-Private Innovation Program, National University Corporation Evaluation Committee exchanged opinions on September 3, 2014 ○ The final decision on approval will be made after consultations with the Finance Minister (as of the end of November 2014)
4. Tohoku University	¥12.5 billion	○ An application for approval to invest in Tohoku University Venture Partners was made; the Public-Private Innovation Program, National University Corporation Evaluation Committee exchanged opinions on November 4, 2014 ○ The final decision on approval will be made after consultations with the Finance Minister (as of the end of November 2014)

(Source: The National University Corporation Evaluation Committee General Meeting (49th) materials, Prepared by VEC)

■ Japan Science and Technology Agency (JST)

As part of its venture support activities, the Japan Science and Technology Agency (JST) has engaged in the Support Program of Capital Contribution to Early-Stage Companies (SUCCESS) and Award for Academic Startups.

● Support Program of Capital Contribution to Early-Stage Companies (SUCCESS)

The JST Support for Entrepreneurship Office launched the Support Program of Capital Contribution to Early-Stage Companies (SUCCESS) in April 2014. The program invests in and/or provides human/technical support to start-up companies that are finding practical applications for the outputs of JST-funded R&D. The project aims to attract private sector funds by making JST a shareholder of startup companies.

Figure 1-4-18

Support Program of Capital Contribution to Early-Stage Companies (SUCCESS)

Item	Details
Investment target	Those satisfying both of the following conditions are applicable: 1. Startup companies that are finding practical applications for the outputs of JST-funded R&D 2. Companies at an early stage of development
Investment details	1. Investable assets: Money and intellectual property/research facilities owned by the JST 2. Number of investments: Approx. two to five per year 3. Investment limits: Investment ratio: In principle, 1/2 of total voting rights Investment amount: ¥500 million/company in cumulative investments
Responsible office	Support for Entrepreneurship Office, Department of Business Innovation Development, Japan Science and Technology Agency

(Source: JST website (http://www.jst.go.jp/entre/outline.html))

●Award for Academic Startups

The Award for Academic Startups is a new award program started in FY 2014.

JST held the Award for Academic Startups ceremony at Tokyo Big Sight in September 2014.

The award program recognizes startups launched by universities using the results of their R&D that are expected to thrive in the future, in addition to giving awards to universities and companies that have contributed to their growth.

Figure 1-4-19 Award for Academic Startups

Item	Details
Purpose	Facilitating business startups using the results of R&D at universities, etc., engaging in activities after business launch, and supporting universities and companies with university-operated startups
Applicable parties	National, public and private universities, colleges of technology, national research institutes, independent administrative agencies, public interest corporations, etc. (limited to non-taxable corporations)
Application period	From June 6 to July 16, 2014
Date/venue of award ceremony	September 11, 2014/Tokyo Big Sight
Responsible office	Support for Entrepreneurship Office, Department of Business Innovation Development, Japan Science and Technology Agency

(Source: JST website (http://www.jst.go.jp/aas/))

(4) Ministry of Internal Affairs and Communications

■Ministry of Internal Affairs and Communications

The Ministry of Internal Affairs and Communications has provided support to human resources who undertake unique, ambitious, and high-potential ICT research and development, in order to create disruptive and global-scale value in the area of ICT. In addition, the Ministry of Internal Affairs and Communications is providing support to startup companies, etc. with the goal of commercializing innovative technical ideas, and VCs, etc. supporting companies in the ICT sector.

Figure 1-4-20 Special Framework for Creative People: (inno) vation Program

Item	Details
Purpose	Providing support to human resources who undertake unique, ambitious, and high-potential ICT research and development, in order to create disruptive and global-scale value in the area of ICT
Applicable persons	Individuals who take up the challenge of unique, ambitious, and high-potential technical issues, in order to create disruptive and global scale value in the globally unpredictable ICT segment where new technologies and ideas are generated every day. Those who are not afraid of the failures that will create a path to achieving goals. Applicants are limited to those who satisfy the following conditions: (1) Persons who have completed compulsory education (2) Persons who have Japanese nationality or foreign nationals who have resident status in Japan
Number of cases to be approved	About 10 cases
Support period	1 year
Research expenses to be covered	¥3 million (upper limit) + indirect costs (30%)
Responsible office	SCOPE Office, Technology Policy Division, Global ICT Strategy Bureau

(Source: (inno) vation website (http://www.inno.go.jp/))

Figure 1-4-21 I-Challenge! (ICT Innovation Creation Challenge Program)

Item	Details
Purpose	Contribute to creating new business by facilitating the achievement of R&D results through the integrated promotion of business development support using private sector expertise of commercialization and R&D support in the ICT segment
Applicable persons	Startup companies, etc. with the goal of commercializing innovative technical ideas (R&D institutions) ・ Small and medium-sized companies specified under the Small and Medium-sized Enterprise Basic Act ・ Public interest institutions including universities specified under the School Education Act, etc.

	VC, etc. providing support to R&D institutions (commercialization support institutions) ・ Small and medium-sized enterprise investment business corporations specified under the Small and Medium-sized Enterprise Investment Business Corporation Act ・ Investment LPs specified under the Limited Partnership Act for Investment, etc.
Number of cases to be approved	About 6 to 8 cases
Support period	1 year
Research expenses to be covered	R&D institutions: Up to ¥100 million (including indirect costs (30% or less)) Subsidy rate SMEs 66% Universities, etc. 100% Commercialization support institutions: Up to ¥10 million (including administrative costs) Subsidy rate 66%
Responsible office	Research Team, Technology Policy Division, Global ICT Strategy Bureau

(Source: Ministry of Internal Affairs and Communications website
(http://www.soumu.go.jp/menu_seisaku/ictseisaku/ictR-D/ichallenge/))

■ National Institute of Information and Communications Technology (NICT)

The National Institute of Information and Communications Technology has established the ICT Venture Support Center and held Kigyouka Koshien for students to support ICT startups and the Kigyouka Expo for general participants.

Figure 1-4-22 Overview of Kigyouka Koshien and Kigyouka Expo

Item	Details
Kigyouka Koshien	The Kigyouka Koshien is a business competition in which young people, including students of colleges of technology (kosen), universities, and graduate schools selected from around the country, compete by making presentations on ICT products/services that they have developed and have improved with the help of ICT Mentor Platform* mentors Date: March 3, 2015 Organizer: National Institute of Information and Communications Technology
Kigyouka Expo	The Kigyouka Expo is an event in which ICT startups nationwide engage in activities to build an affluent and vibrant society using ICT. Startups present unique new businesses (products/services) and seek matches for business alliances, funding, sales channel expansion, and securing human resources. Date: March 4, 2015 Organizer: National Institute of Information and Communications Technology

(Source: National Institute of Information and Communications Technology website)

* ICT Mentor Platform

To close the three gaps that are believed to prevent commercialization in the area of ICT, the National Institute of Information and Communications Technology ICT Mentor Platform connects people involved in ICT and other industries serving as mentors with regions and young human resources.

(5) Ministry of Justice

■ Immigration Bureau of Japan, Ministry of Justice

The “Act for Partial Amendment of the Immigration Control” and “Refugee Recognition Act” were passed and enacted on June 11, 2014. The amendment aims to implement measures incorporated in the “Japan Revitalization Strategy” developed in June 2013 and to promote the acceptance of foreign nationals who will contribute to developing the Japanese economy.

Figure 1-4-23 Outline of “Act for Partial Amendment of the Immigration Control” and “Refugee Recognition Act” (Excerpt)

Major amendments	Summary
Promote the acceptance of foreign nationals with advanced abilities and qualities (highly-skilled professionals)	On May 7, 2012, a points-based system of preferential immigration treatment for highly skilled foreign professionals was introduced, providing highly skilled foreign professionals with 70 points or higher with preferential treatment in immigration procedures including the granting of a five-year period of stay. Specifically, a new status of residence - “Highly Skilled Professional (i)”, was established for those highly killed professionals (70 points or higher). Moreover, a new status of residence - “Highly Skilled Professional (ii)” was established for those foreign nationals who have been residing in Japan for a certain period (currently envisaged to be about three years) with the aforementioned status of residence of “Highly Skilled Professional (i),” and who want to continue working in Japan. (Those who have the status of “Highly Skilled Professional (ii)” will have an indefinite period of stay with a substantial easing of restrictions on activities provided they continue to engage in “Designated Activities.”)
Amendment related to the residency status of “Investor/Business Manager”	To enable foreign nationals to engage in business management and operation of companies in Japan, the requirement of being connected to foreign investment, which is currently imposed on the status of residence of “Investor/Business Manager,” will be removed. This change will enable foreign nationals to engage in the management and operation of Japanese-owned companies with the same residency status.
Consolidation of the residency statuses of “Engineer” and “Specialist in Humanities/ International Services”	To respond flexibly to the needs of companies related to the acceptance of foreign nationals in professional and technical fields, the division between “Engineer” and “Specialist in Humanities/ International Services,” which was based on a division of knowledge (sciences/humanities) necessary for the work, was removed, and consolidated into one comprehensive status.

(Source: Excerpt from the Ministry of Justice “Outline of the Act for Partial Amendment of the Immigration Control and Refugee Recognition Act”)

(6) Ministry of Health, Labour and Welfare

■ Employment Security Bureau, Ministry of Health, Labour and Welfare

On July 22, 2014, the Ministry of Health, Labour and Welfare issued a memo to clarify that the basic allowance for employment insurance may be paid when preparing for or considering starting up new businesses during job-seeking periods.

In the “Japan Revitalization Strategy” revised in 2014 and approved by the Cabinet on June 24, 2014, the government committed that it will, as part of its activities to accelerate ventures and business startups, provide employment insurance benefits to people who are preparing for or are considering starting up new businesses during their job-seeking periods after retiring from their companies. The intent was to eliminate concerns that entreprenuers may have about the destabilization of their lives related to a business startup.

Japan Revitalization Strategy Revised in 2014” (P. 21)
IV. Major Policy Measures in the Revised Strategy 1. (1) 3) Accelerating industrial restructuring, ventures, and promoting the provision of funds for growth The government will also implement fine-tuned measures including the promotion of startup companies’ participation in government procurement and the provision of employment insurance benefits to people who are in the process of starting new businesses during their job-seeking periods. [Establishing relevant systems within this fiscal year]

(7) Cabinet Office, Government Of Japan

■Cabinet Office, Government Of Japan

The Cabinet Office, Government Of Japan, established the Regional Revitalization Bureau with the aim of centrally developing regional revitalization strategies, creating a framework for strategy implementation, and executing policies in an organic and comprehensive manner.

The Regional Revitalization Bureau has mainly engaged in (1) regional revitalization initiatives (urban renaissance, city center revitalization) by improving urban functions, (2) regional revitalization initiatives focusing on regulatory reforms (National Strategic Special Zones, Comprehensive Special Zones, Special Zones for Structural Reform), and (3) other specific policy issues (regional regeneration, Eco-Future City, Eco-Model City, promotion of world heritage registration of industrial heritage).

The “Japan Revitalization Strategy - JAPAN is BACK -” (Cabinet Decision on June 14, 2013) stipulates the creation of National Strategic Special Zones. Serving as a gateway for implementing bold regulatory and institutional reforms that can change the Japanese economy and society, the National Strategic Special Zones aim to create the best environment for business activities by combining and taking special measures that address such issues as forming international cities whose environments such as residential space, etc. are among the most attractive in the world and to establish an international base for medical services and innovations.

Japan Revitalization Strategy (Cabinet Decision on June 14, 2013) (excerpt)

－ National Strategic Special Zones －

I. Overview

3. How to achieve the Growth Strategy

(2) Accelerating reforms with National Strategic Special Zones serving as gateways

To position Japan’s economy on a mid- to long-term growth trajectory, patient activities to steadily implement a mainstream Growth Strategy are essential. At the same time, for Japan to demonstrate a real commitment to transformation and make real advances, it must move quickly to carry out regulatory and institutional reforms, as well as to develop and to improve infrastructure.

For this reason, while this Growth Strategy is premised on the prompt and effective implementation of the measures contained in it, National Strategic Special Zones will be created to serve as gateways for executing bold regulatory reforms and other measures as a new approach for achieving Japan’s growth strategy under the leadership of the Prime Minister.

II. Three Action Plans

1. Industry Revitalization Plan –revitalizing human talent, assets, and funds

5. Further strengthening Japan’s international competitiveness as a business hub

(1) Achieving National Strategic Special Zones

… considering initiatives in regional communities, from the viewpoint of national strategies, under the leadership of the Prime Minister, the government will establish the National Strategic Special Zones, a powerful system to proceed with major regulatory reforms, etc.

● National Strategic Special Zones and National Strategic Special Zone Plans

The National Strategic Special Zone Conference has been established for each special zone with the aim of carrying out the necessary consultations regarding development of National Strategic Special Zone Plans, arrangements for approving National Strategic Special Zone Plans and their implementation, improving the international competitiveness of industries, and creating bases for international economic activities.

Conference of Tokyo Area National Strategic Special Zone
Conference of Kansai Area National Strategic Special Zone
Conference of Niigata City National Strategic Special Zone
Conference of Yabu City National Strategic Special Zone
Conference of Fukuoka City National Strategic Special Zone
Conference of Okinawa Prefecture National Strategic Special Zone

A Cabinet decision was made on the National Strategic Special Zones and National Strategic Special Zone Plans on May 1, 2014. The following policy issues were identified (items highlighted are those related to startup businesses).

Figure 1-4-24
National Strategic Special Zones and National Strategic Special Zone Plans

Area	Policy Issues
I. Tokyo area	(1) Promoting acceptance of global companies, foreign nationals, funds, etc. (2) Ensuring diverse work styles including promotion of social participation by women (3) Promoting innovations including business launches, and making hubs for drug discoveries (4) Improving living environments to support businesses including those of foreign residents (5) Providing urban/transportation functions that are suitable for an international city with an eye to the Olympics/Paralympics
II. Kansai area	(1) Accumulating and enhancing collaboration of healthcare facilities, research institutions, manufacturers, etc. contribute to providing advanced medical care (2) Removing factors that prevent R&D on advanced medicines, medical equipment, etc., smooth commercialization, and overseas expansion of seeds (3) Creating urban environment, employment environment, etc. to attract human resources
III. Niigata City, Niigata Prefecture	(1) Accumulating/aggregating farmland, improving business bases through the expansion of corporate participation, etc. (2) The so-called *sixth industry* and development of high value-added food products (3) Implementing innovative agriculture using new technologies (4) Promoting exports of farm and food products (5) Supporting the creation of agricultural startups
IV. Yabu City, Hyogo Prefecture	(1) Converting abandoned farmland, etc. into cultivated land (2) Developing high value-added new agricultural and food products through the so-called *sixth industry* (3) Regional development through the unified promotion of agriculture and tourism/history and culture
V. Fukuoka City, Fukuoka Prefecture	(1) Improving firm entry rate through the provision of support for startups including business launches, etc. (2) Promoting innovation by attracting MICE, etc. and creating new businesses, etc.
VI. Okinawa Prefecture	(1) Creating an environment in which overseas tourists, etc. can easily travel (2) Promoting a tourism business model by leveraging regional strengths (3) Creating global-standard innovation bases

(Source: Prime Minister of Japan and his Cabinet Website, National Strategic Special Zones, related laws and regulations, National Strategic Special Zone Plans)

● **Current Status of Approval of National Strategic Special Zone Plans**

Of the six regions listed above, the National Strategic Special Zone Plans of the following three regions have been approved.

Figure 1-4-25 Three Regions in National Strategic Special Zones

Area	Types of Special Zones
Kansai area	National Strategic Special Zone ・Special provisions for special or specified medical care coverage ・Special provisions for the “Medical Care Act” related to bed-space restrictions
Fukuoka City	Special Zone for Global Startups & Job Creation ・Establishment of Employment Consultation Center for clarifying employment conditions ・Approval of exceptions to the “Road Act” related to area management
Yabu City	Center for agricultural reform in upland and mountainous areas

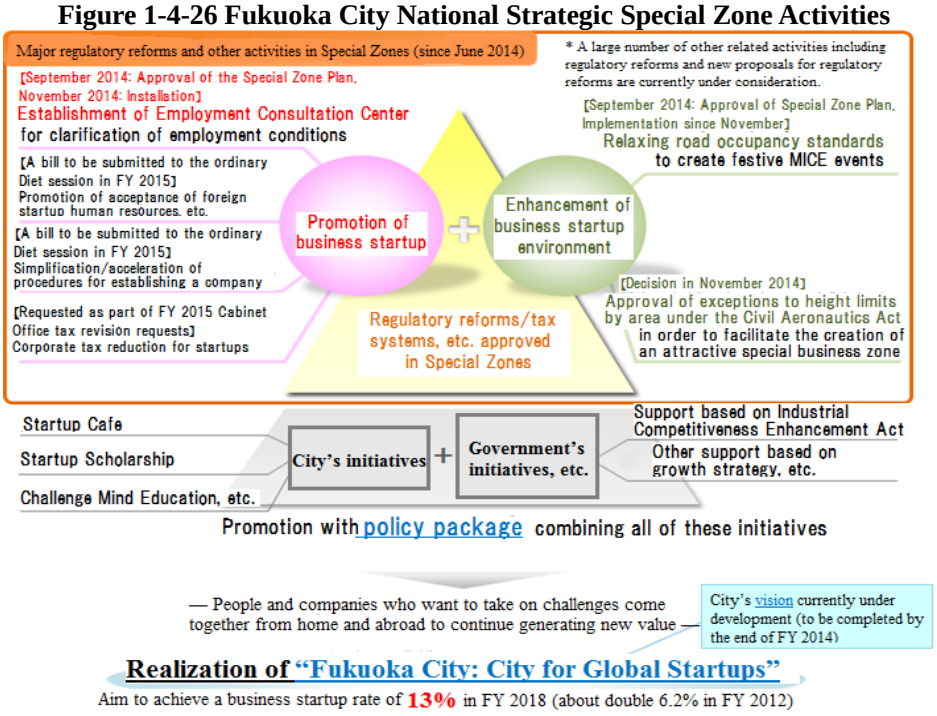
Taking the example of Fukuoka City, the city is working to achieve the goal of improving the firm entry rate by providing support to startups and attracting people involved in venture business activities from around the world.

● **Fukuoka City Special Economic Zone**

1. Policy Issues and Policy Package

Based on the following policy issues presented in the “National Strategic Special Zone Basic Policy:”
(1) Improving the firm entry rate by providing support to startups including business launches, and
(2) Promoting innovation by attracting MICE [*1], etc. and creating new business, etc.,
Fukuoka City aims to be “Fukuoka City: City for Global Startups” by adding the city’s initiatives and tax reforms to initial requirements presented by the government for regulatory reforms.

Figure 1-4-26 Fukuoka City National Strategic Special Zone Activities



* 1: MICE is the acronym for Meeting (corporate meetings/training), Incentive (reward/all expenses paid trips), Convention (international conferences), and Event/Exhibition (events/exhibitions). It is a collective term for business events and other gatherings where a large number of participants can be expected.

(Source: National Strategic Special Zones “Fukuoka City: Special Zone for Global Startups & Job Creation”)

2. Policy Package

Discussions on goals and action plans for “Fukuoka City: City for Global Startups” are currently underway in the “Fukuoka City: City for Global Startups” vision, which is now under development by the city. The following policy package is in the “Vision (preliminary draft).” Items highlighted are those discussed at the National Strategic Special Zone Conference.

Fukuoka City Policy Package

(1) City with a framework to facilitate business startups and support rechallenge

○ **Increase momentum of challenge/rechallenge to broaden bases**

- Challenge education for children and students
- Support for women’s challenges
- Promotion of college students’ internships
- Startup scholarships
- Holding business contests, etc.

○ **Solid support for communities to help entrepreneurs and encourage innovation**

- Incubation facilities
- Financing at business launch
- Creation of bases for interactions among startup communities
  (Startup Cafe, Employment Consultation Center, one-stop place for business startups)
- Streamlining of startup preparations (employment insurance benefits)
- Creation of a framework to generate innovations (Innovation Studio Fukuoka)
- Expansion of sales channels and creation of new business opportunities (relaxing of requirements for optional contracts, support for establishing businesses in the restaurant and retail industries)
- Corporate tax reduction for startups
- Provision of support for securing human resources when starting a business (use of internships)
- Improving support framework for business startups in the region, etc.

○ **Growing growth companies**

- International business plan competitions
- Promoting priority areas (creative, healthcare, food, environment/energy)
- New industrial development (organic EL, robots), etc.

(2) Free city where businesses connect easily with the world

○ Creating an attractive place for MICE

- Developing unique venues (road occupancy standards*, use of historic buildings, etc.)
- Global MICE Strategic City
- Improving convention zones
- Accelerating/streamlining immigration procedures, etc.

○ Developing human resources and organizations responsible for active business exchanges and increasing MICE opportunities

- Enhancing MICE activities and business coordination (Meeting Place Fukuoka)
- Promoting international conferences by universities, companies, etc.

○ Creating a global business environment in Fukuoka City by attracting companies and human resources

- Support for foreign companies
- Increasing name recognition overseas
- Improving coordination with foreign economic associations and cities, etc.

○ Accelerating globalization of local companies

- Supporting companies expanding into overseas markets
- Supporting expansion of sales channels including business matching meetings and exhibitions
- Supporting through overseas offices, etc.
- Promoting creative industries (support for overseas expansion), etc.

* Road occupancy business

Relaxing road occupancy standards for roads stipulated under the National Strategic Special Zone Plans to hold events to create a festive atmosphere. Creating innovations and new businesses by increasing the attractiveness of MICE, promoting MICE activities, and enhancing interactions between people and companies

(3) Building a high-performance city that attracts global businesses

○ Creating city functions to make it easier for global human resources and their families to live

- Improving international educational environment
- Improving convenience of foreign nationals in their daily lives
- Accepting foreign entrepreneurs (revision of resident's status)
- Providing advanced medical care (e.g. increase in registered beds), etc.

○ Creating a business environment to attract global companies and global human resources

- Improving communication environment of the city
- Improving airport and port functions
- Approving exceptions to height limits under the Civil Aeronautics Act
- Promoting construction of high-quality housing, etc., achieving close proximity between home and workplace

Column 10: Fukuoka City declares itself to be Startup City: National Strategic Special Zone for Startups

Fukuoka City is rapidly increasing its presence as a provider of startup support. The city was selected as the National Strategic Special Zone for supporting startups in July 2014. A series of initiatives is already underway including the provision of financial support to foreign students and holding a business plan competition in English. “We will grow Fukuoka City with the strength of startups” says Mr. Soichiro Takashima, Mayor of Fukuoka City.

In October 2014, Fukuoka City opened the Startup Cafe, a startup support base for facilitating interactions and co-working among startup executives, in the Tenjin area at the city center. In addition to providing startup information, professionals such as judicial scriveners to prepare legal documents, tax accountants, and labor and social security attorneys to respond to inquiries. Efforts have been made to create a friendly atmosphere where entrepreneurs can exchange opinions freely while drinking coffee. Located inside the TSUTAYA book store, the café is run by Culture Convenience Club, which also operates TSUTAYA. The company has a reputation for developing new businesses.

“We will grow our economy by making it easier for startups to start their businesses and continue to locate their headquarters here,” Mayor Takashima declared at the opening ceremony for the Startup Cafe. He models Fukuoka City after Seattle, USA, which he visited. Although Seattle’s population is about half that of Fukuoka City, Microsoft is headquartered there and Starbucks started its business in the city. The natural environments of the two cities is extremely similar as both cities are located by the sea and close to mountains. He thought that once startups can be set up, Fukuoka City can also be a desirable place to live where people can be satisfied with their incomes.

Among government-designated cities, Fukuoka City is No. 1 for firm entry rate and No. 2 for the number of college students after Kyoto. Fukuoka City has the potential to create a city focusing on startups.

(8) Government Affiliated Financial Institutions

■ Japan Finance Corporation

Japan Finance Corporation has provided funds to new business operators including startup companies through capital loans and startup education to high school students by holding the High School Student Business Plan Grand Prix.

● Provision of funds to startups through capital loans (from FY 2008)

See Page I-29.

● High School Student Business Plan Grand Prix (from FY 2013)

Since FY 2013, the Japan Finance Corporation has held "Creativity Unlimited: a High School Student Business Plan Grand Prix" that invites business plans from high school students nationwide. The Japan Finance Corporation aims to plant the seeds of entrepreneurship among young people by applying experience and knowhow gained in providing startup loans to entrepreneurial education.

During the application period, staff members in charge of startup support from the Japan Finance Corporation visit high schools upon request to help students draft business plans. In FY 2013, they visited 82 schools (161 times) with a total of 2,406 students participating (from June to October).

Figure 1-4-27 1st High School Student Business Plan Grand Prix

Item	Details
Applicable persons	Individuals or groups consisting of high school students nationwide
Support	Visiting high schools on request to help students to create business plans
Schedule	July – mid-October 2013: Acceptance of applications December 2013: Announcement of finalists January 2014: Final review
School visits	82 schools (161 times), participation by a total of 2,406 students (June - October 2013)
Follow-up on applicants	Providing feedback for all business plans such as evaluation points and future issues
Awards	Grand prize, semi-grand prize, special jury award, excellence award, school award, high school students business plan best 100

(Source: Japan Finance Corporation website (https://www.jfc.go.jp/n/grandprix_awards/))

Figure 1-4-28 2nd Event Poster

Creativity Unlimited: High School Student Business Plan Grand Prix

■ Development Bank of Japan Inc.

Since 2011, the Development Bank of Japan Inc. has held the annual DBJ Women Entrepreneurs New Business Plan Competition for female entrepreneurs, providing winners with prize money of up to ¥10 million.

Figure 1-4-29

Overview of the DBJ 4th Women Entrepreneurs New Business Plan Competition

Item	Details
Applicable persons	Female proprietors of start-up businesses
Application period	December 15, 2014 to March 2, 2015
Announcement of winners	Late June 2015
Subsidy	DBJ Women Entrepreneurs Grand Prize Up to ¥10 million DBJ Women Entrepreneurs Prize Up to ¥5 million Prize for Innovative Regional Growth Up to ¥5 million
Responsible office	Women's Business Startup Support Center, Corporate Financial Division No. 6

(Source: Development Bank of Japan Inc. (http://www.dbj.jp/service/advisory/wec/))

1.5 Support for Startup Businesses in the Private Sector

Startup support in the private sector can be largely categorized into a) to k) shown in the figure below, according to the stage of the venture ecosystem. In the private sector, VC firms, tax accountants, accountants, audit firms, banks, law firms, former startup members, real estate companies, and others provide support.

Figure 1-5-1 Types of Startup Support in the Private Sector

Types of Support	Remarks
a) Education	Entrepreneur training courses
b) Matching services	Matching VCs and large companies (websites, events)
c) Startup discovery	Pitch (events)
d) Financial support	Funds from relatives, angel, VCs, corporations, etc.
e) Establishing a company	Tax accountants, accountants, audit firms, etc.
f) Facilities	Incubation facilities, universities, real estate companies, etc.
g) Seminars/Consulting	Audit firms, attorneys, etc.
h) Legal support	Law firms specializing in startups
i) Customer referral	Referrals from securities companies, banks, audit firms, former startup members, etc.
j) Exit/IPO	Securities companies, audit firms, etc.
k) Overseas expansion support	Audit firms, etc.

(1) Matching Services (matching large companies and startups) (item b)

In Japan, where collaboration between large companies and startups is still rare, most successful startup companies have achieved exits through an IPO. Therefore, when the securities markets are falling, exits by startup companies also slow down due to a deterioration of IPOs.
Against this backdrop, there has been an increasing trend to facilitate cooperation and collaboration between large companies and startups with the aim of accelerating M&As by large companies, diversifying exit routes for startup companies, carving out entities from large companies, and other activities.

A. At the Japan New Business Conferences, the Connect! Special Committee has been up-and-running since July 2011, and the Ministry of Economy, Trade and Industry (METI) sponsored Connect! 2012 in November 2012. In March 2013, METI, in cooperation with the Connect! Special Committee, held the Symposium for Supporting New Business Creation with Connect! at Marunouchi Hall. Besides, Nomura Securities Co., Ltd. and Tohmatsu Venture Support Co., Ltd. launched the Morning Pitch in January 2013.

B. The Tokyo Innovation Leaders Summit Committee held matching events in January and September 2014 with support from METI.

Examples of business matching between large companies and startups include the following:

Figure 1-5-2 Examples of Business Matching between Large Companies and Startups

Organizers	Activities
Japan New Business Conferences/ Connect! Special Committee	Holding Connect!, a networking event between startups and large companies, since 2011 (held large-scale matching events in October 2011 and November 2012, which attracted about 300 participants)
Nomura Securities Co., Ltd., Tohmatsu Venture Support Co., Ltd.	Holding the Morning Pitch (from 7:00 A.M. every Thursday) since January 2013, aimed at creating business alliances between startup companies and large companies (33 other major companies are providing support)
Tokyo Innovation Leaders Summit Committee	Holding the Tokyo Innovation Leaders Summit, an event organized to create business opportunities such as business alliances, capital alliances, and M&As for large companies and startup companies. The 1st and 2nd summits were held in January and September 2014, respectively.
Creww	Offering a community site that matches startup companies and investors/large companies
Quantum (TBWA/ HAKUHODO)	Started providing QUANTUM Accelerator services for the managements of corporate venturing accelerator programs to create new businesses by matching innovative technologies and ideas of startup ventures and the strengths of large companies

Similar Programs

KDDI CORPORATION Partnership Program	Offering a program aimed at significantly expanding the scope of support offered to startups participating in the program in cooperation with 13 companies that have supported the concept of KDDI ∞ Labo, and creating new services by integrating the startups and the 13 companies

Column 11: Activities involving large companies and startups are becoming widespread
— Sony, Ricoh, and more —

There are increasing opportunities to match large companies and startups. As the open innovation business model becomes increasingly popular, the intentions of large companies to create new businesses have started to coincide with the intentions of startup companies to expand their businesses in cooperation with major companies.

In late October 2014, around 130 officers in charge of new businesses at large companies and startup executives gathered for *Shin Biji no Tsudoi* (gathering for new businesses) at an upper floor of a high-rise building in Nishi-Shinjuku, Tokyo. This is a venue launched by volunteer employees of the NTT Group to facilitate interactions between officers in charge of new businesses at large companies and startup executives. The event is attracting a large number of participants across industries including real estate companies. Their slogan is "We will accelerate business by matching everyone from large companies with up-and-coming startups!"

SONY held a similar event — New Biz Tokyo MeetUp — about a week before that of the NTT Group. Although the event was said to have been organized by volunteer employees, it was held on the 1st floor of the Sony Headquarters Building in Shinagawa, Tokyo. Called the SAP Creative Lounge, it was established in August 2014 by the Sony Seed Acceleration Program (SAP), Sony's new business creation project set up under the direct control of the President this year. Equipped with 3D printers, laser cutters, oscilloscopes, and other equipment, the lounge supports activities of Sony employees to engage in new activities besides their regular work.

Ricoh has been using Samurai Incubate Inc., which provides support for startups. This year, Ricoh has secured five seats at Samurai Startup Island (SSI), assigning full-time staff in charge of new businesses and interacting with startups who visit SSI.

Column 12: Major IT companies are launching/expanding programs to support startups

Major IT companies are launching and expanding programs to support startup companies. There has been an increasing trend to achieve open innovation, a business model that uses outside resources to develop new businesses. By providing support from the startup stage, companies also aim to develop them as future customers.

In September 2014, IBM Japan announced the launch of BlueHub, an incubation program that promotes support for startup companies. Targeting IT and Internet-related startup companies before or immediately after starting business, the company plans to support the commercialization of innovative ideas.

IBM Japan is cooperating with Samurai Incubate Inc. (Shinagawa-ku, Tokyo), a startup investment development company, and tsukuruba inc (Shibuya-ku, Tokyo), which operates the membership-only shared work place 'co-ba shibuya' for creators, engineers, and others. IBM Japan is teaming up with Samurai Incubate to select and incubate startups. Together with tsukuruba, IBM Japan is hosting events to facilitate interactions with startups.

KDDI CORPORATION, which has a solid track record in startup support, has created the startup support framework Partnership Program consisting of 13 companies including Seven & i Holdings Co., Ltd., MITSUI & CO., LTD., and TV Asahi Corporation for "KDDI ∞ Labo." It aims to provide multilateral support for the businesses of startup companies by bringing together the strengths of each company.

Microsoft Corporation started Microsoft Ventures in 2014 in Japan, which is a startup support program that is active globally. As the first project, the company implemented a program to support startups in the area of education.

NTT DATA Corporation has started to engage in activities to create new businesses through collaboration with startups for open innovation. The company created 12 new businesses in FY 2014 and is planning to turn them into businesses worth over ¥10 billion within the next five years.

(2) Startup Discovery Events (item c)

While pitch events, the gateway for startup companies, have been held mainly in Tokyo, the events have now expanded to other major cities in Japan and overseas. In addition, due to the participation of many corporations, pitch events have become valuable opportunities for major companies and startups to find each other.

Organizers: VC firms, securities companies, audit firms, wireless companies, etc.
Participants: VC firms, securities companies, audit firms, corporations, attorneys, investors, and other startup-related parties

Tokyo

Figure 1-5-3 Pitch Events

Samurai Venture Summit
Morning Pitch
KDDI∞Labo Pitch Event
Engineer Startup Meeting
DOCOMO Innovation Village
Infinity Ventures Summit
Global Brain Alliance Forum
Incubate Fund Fellow Program
MOVIDA JAPAN DemoDay
SoftBank InnoVenture (a program to propose new businesses)
Rising Expo2014
Microsoft Innovation Award 2014

Nationwide

While the pitch events above are held mainly in Tokyo, Samurai Incubate Inc. and Tohmatsu Venture Support Co., Ltd. hold Zenkoku Startup Day nationwide. Tohmatsu Venture Support Co., Ltd., in cooperation with Samurai Incubate Inc., held the Zenkoku 47 Prefectures Venture Summit, an event to support entrepreneurs and startup companies, from December 2012 to April 2014. In addition, B Dash Ventures is holding events in cities such as Osaka and Fukuoka.

Name of Pitch Events	Organizers
Zenkoku Startup Day	Samurai Incubate Inc., Tohmatsu Venture Support Co., Ltd.
B Dash Camp (e.g. Osaka, Fukuoka)	B Dash Ventures

Worldwide

SunBridge Global Ventures Inc. has been holding the Innovation Weekend pitch event since 2014 in Singapore, Tokyo, London, Boston, and Osaka.

Name of Pitch Event	Organizers
Innovation Weekend	SunBridge Global Ventures Inc., Venture Now

(3) Facilities for Startup Companies (item f)

Besides local governments, private real estate companies are offering startup companies incubation facilities under preferential conditions.

- Private incubation facilities
- Private co-working spaces
- Startup support facilities offered by major real estate companies
  (e.g. Mitsubishi Estate Co., Ltd. “EGG JAPAN”, Mitsui Fudosan Co., Ltd. “KOIL (Kashiwa-no-ha Open Innovation Lab)”)

Column 13: Real estate companies are accelerating startup support

Major real estate companies are accelerating their activities to support startup companies. If relationships can be established with startups as tenants while their businesses are still small, they can become major prime customers after their businesses grow in the future. Attracting companies with high growth potential can increase the brand values of office buildings and entire cities.

Mitsubishi Estate Co., Ltd. opened The Premium Floor Marunouchi on the top floor of the Marunouchi Building (Marunouchi, Tokyo) in October 2014. By dividing one floor into more than a dozen sections, the company made it easier for growing startup companies to use the facilities. Two of the companies that have moved in were previously located in the startup support community, EGG JAPAN (Shin-Marunouchi Building), which is also operated by Mitsubishi Estate Co., Ltd. As business expanded, their offices became too small and they began looking for new locations.

Mitsui Fudosan Co., Ltd. created the Venture Co-creation Department in April, a new organization to facilitate startup support. In addition, the company opened Kashiwa-no-ha Open Innovation Lab (KOIL), a creative innovation platform where companies and individuals can get together to create new industries through interactions, in the redevelopment area of Kashiwa, Chiba. The Lab is collaborating with the adjacent University of Tokyo and is attracting manufacturing startups equipped with 3D printers and other equipment. The company has also opened a base to support entrepreneurs in Nihonbashi, Tokyo.

Sumitomo Realty & Development Co., Ltd. is promoting to use a part of the lower floors of a rental condominium in Shinjuku, Tokyo as a SOHO (small office / home office) for new startups. Startups include Kaizen Platform, Inc. (Shinjuku-ku, Tokyo), a provider of website development support services, moved into another Sumitomo office building after increasing its staff from just a few to over 100 in one year. The building is known as the Success Building in the startup industry. The company is exploring new customers by actively serving sponsoring startup-related events.

(4) Consulting (items e, g, i, j, and k)

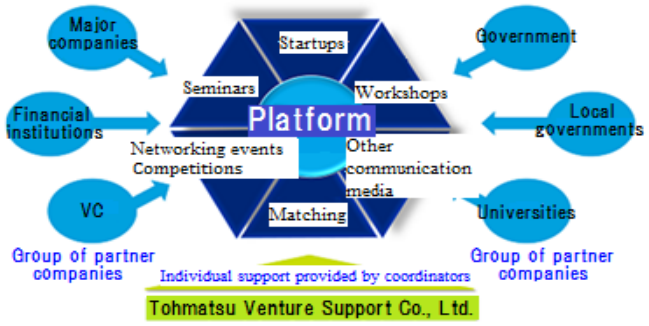
While law firms provide consulting support to startups in Silicon Valley, audit firms play a major role in Japan.

Deloitte Touche Tohmatsu LLC and Ernst & Young ShinNihon LLC have installed teams specializing in providing support to startups: Deloitte Touche Tohmatsu LLC has expanded Tohmatsu Venture Support Co., Ltd. while Ernst & Young ShinNihon LLC has established EY ShinNihon Creation Co., Ltd.

● Tohmatsu Venture Support Co., Ltd.

Established in December 1997, Tohmatsu Venture Support Co., Ltd. launched the Zenkoku 47 Prefectures Venture Summit in December 2012 in cooperation with Samurai Incubate Inc. In addition, the company held the 1st Morning Pitch in January 2013, enhancing its activities to support startups. As part of its startup support, the company provides an all-round support program including business plan development, financing, overseas expansion, and exploration of sales channels.

Figure 1-5-4 Tohmatsu Venture Support Co., Ltd. Scheme



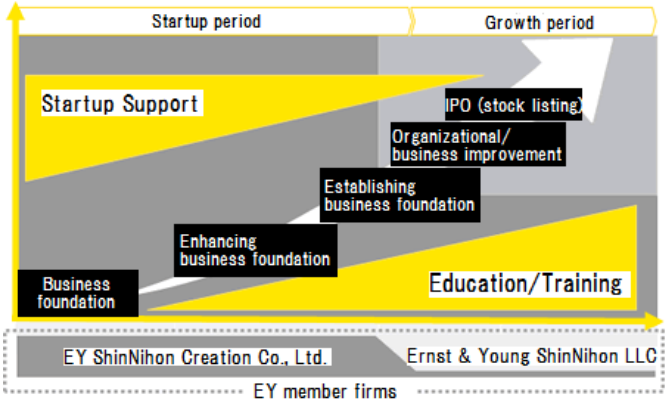
Source: Tohmatsu Venture Support Co., Ltd. website

● EY ShinNihon Creation Co., Ltd.

Established in July 2013, EY ShinNihon Creation Co., Ltd. is competing with Tohmatsu Venture Support Co., Ltd. in the area of startup support. Besides those listed below, the company provides e-learning courses and online consultation services as part of its startup support.

- Support for growth through such measures as business consulting, information provision, financing, and sales expansion support
- Matching services to provide a forum to meet with VC firms and large companies

Figure 1-5-5 Startup Support by EY ShinNihon Creation Co., Ltd.



Source: EY ShinNihon Creation Co., Ltd. website

1.6. Education

(1) University Startup Education

VEC described startup education at universities in the "Annual Report on Japanese Startup Businesses 2013." This section focuses on the current situation of entrepreneurship education at universities and startup education for high school students and younger.

● Entrepreneur Development Programs at Japanese Universities

Approximately 250 universities in Japan are currently offering entrepreneurship education courses. Listed below are examples of entrepreneurship education courses offered at major universities in Japan.

Figure 1-6-1
Examples of Entrepreneurship Education Courses at Leading Universities in Japan

University	Name of Courses
Division of University Corporate Relations, University of Tokyo	University of Tokyo Entrepreneur Dojo
Office of Society-Academia Collaboration for Innovation, Kyoto University	Business startup and business creation I (basic), Business startup and business creation II (advanced), Entrepreneurship (English lecture)
School of Commerce, Waseda University	Entrepreneur training course I, Entrepreneur training course II
Global Education Center, Waseda University	Startup entrepreneur leader development program
Keio Business School (Graduate School of Business Administration)	Entrepreneur strategy, Entrepreneurship, Business startup process, Venture capitalist training program
University of Tsukuba	Entrepreneurship education course, Tsukuba Creative Camp (TCC)

(Source: Websites, Prepared by VEC)

Entrepreneurship education courses are quickly gaining popularity. In addition to growing interest among students in starting businesses, support from universities and university graduates is a major contributor to the increase. For example, Waseda University has been providing an entrepreneur development program, offering lectures by outside experts.

University of Tsukuba is holding the Tsukuba Creative Camp, a three-day entrepreneur development event, where would-be entrepreneur students present business plans in front of entrepreneurs who are University of Tsukuba graduates, including the Chief Executive Officer of Line, Akira Morikawa.

● **Business Plan Competitions for College Students**

The following business plan competitions are being offered to college and other students.

Figure 1-6-2 Examples of Business Plan Competitions for College Students

Name of Competitions	Organizers	Remarks
Campus Venture Grand Prix	Nikkan Kogyo Shimbun, Ltd.	Business competition aimed at developing next-generation human resources and creating new industries by proposing new businesses
Business Contest KING	Student Think Tank WAAV	Business competition characterized by teams consisting of people meeting for the first time, camp-style training, and case method presentations.

(Source: Websites, Prepared by VEC)

(2) Startup Education for High School Students

Figure 1-6-3 Examples of Startup Education for High School Students (other than Japan Finance Corporation)

Name of Support	Support Organizations	Remarks
IT education/competitions for high school students	zenjouken	Holding the Programming Competition for High School Students

(Source: zenjouken website (http://www.zenjouken.com/))

(3) Startup Education for Junior High and High School Students

Figure 1-6-4
Examples of Startup Education for Junior High and High School Students

Name of Support	Support Organizations	Remarks
Entrepreneur workshop for junior high school students	Tohmatsu Venture Support Co., Ltd.	Held entrepreneur workshops for junior high school students in February 2014 at Kidzania Tokyo, a theme park for children to experience work through role-playing
Life is Tech! STARS ★	Life is Tech, Inc.	Providing information technology (IT) education to junior high and high school students
Mashup Award	Recruit Co., Ltd./ TechCrunch Japan	High school and elementary school students were among the award winners
Bridge Camp	GNEX	Offering a website to support junior high, high school, and college students
Teens Apps Awards	D2C Inc.	An application competition for junior high and high school students

(Source: Websites, Prepared by VEC)

(4) Startup Education for Elementary School Students

Figure 1-6-5 Examples of Startup Education for Elementary School Students

Name of Support	Support Organizations	Remarks
Kids Venture School	Aomori Prefecture, Regional Industry Division	Outsourcing business to Sunroad Aomori and targeting 5th and 6th graders
Kids Venture School (Entrepreneur workshop for children)	Yamanashi City Center Vitalization Consortium	Held events on February 9, 16, and 23, 2014 for elementary school students
Junior Economy College	Non-profit Organization Junior Economy College	A program designed for 5th and 6th graders to experience business startups; Teams of five students establish a mock company and experiences the entire cycle of starting business from planning, purchase, manufacturing, sales, settlement, to tax payments.
Venture school sun kids	Youji Mirai Kyoiku	Offering early childhood education classes to provide children, from infants to elementary school students, with entrepreneurship education by arranging the Enterprising Infants program which was offered in Scotland as part of school education.

(Source: Websites, Prepared by VEC)

Column 14: Entrepreneurship education is regaining popularity; There are an increasing number of courses involving startups

Entrepreneurship education is regaining popularity. There have been an increasing number of endowed courses funded by successful startups and their executives and affiliated courses to which they send lecturers. In addition to would-be entrepreneurs, students planning to find employment at listed startup companies are actively participating in these courses. There is a virtuous circle with entrepreneurship education generating entrepreneurs.

One prime example is the Venture Entrepreneur Leader Development Program launched by DeNA Co., Ltd. at Waseda University in the fall of 2014. Installed within the Global Education Center, Waseda University, the course is open to students from all departments irrespective of arts or sciences. In addition to Waseda University lecturers, Ms. Tomoko Namba, founder of DeNA and other young corporate executives who graduated from Waseda University, participate in the lectures. A competition is held on the last day of the lecture where students develop and present their business models. The lecture aims to build student entrepreneurs' success cases and to develop leaders who can promote the creation of new businesses at large companies.

University of Tokyo Entrepreneur Dojo celebrated its 10th anniversary in 2014, while Keio University lectures offered by venture capitalist Kazutaka Muraguchi have been active for a long time. These lectures have produced entrepreneurs.

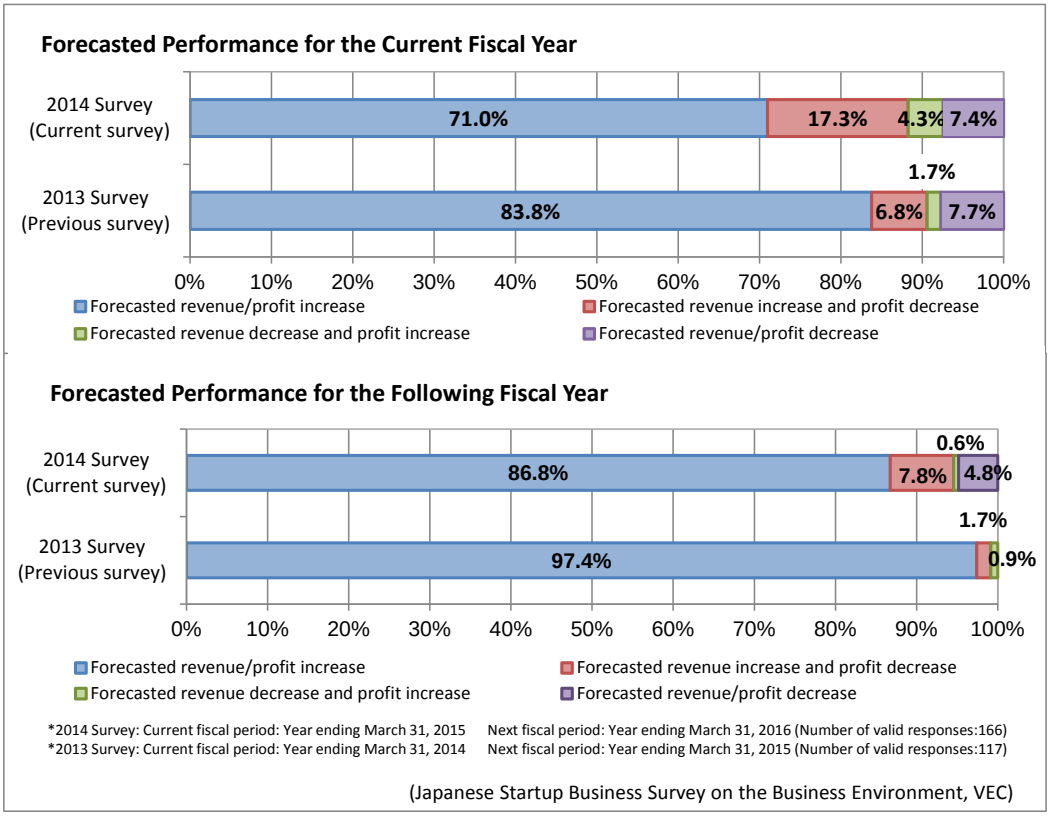
§2. Japanese Startup Business Survey

Following on from the September 2013 survey, in August 2014, VEC conducted the "Survey on the Startup Business Environment (2014)," covering startup companies established within the previous five years to identify the status of startup businesses in Japan.

Target companies	Startup companies established within the previous five years
Number of companies surveyed	1,569
Number of companies that responded	166 (Response rate 10.6%)
Survey collection period	From Aug. 6 to Sept. 11 2014

While the response rate was slightly higher than that in 2013 (8.4%), responding companies on average had positive earnings forecasts for the current and following fiscal year. It is fair to assume, as in the previous year, that the respondents are a group of particularly high-performing companies among all startup companies, and we have written this chapter based on that assumption.

Figure 2-1-1 Earnings Forecasts for the Current and Following Fiscal Year (All responding companies)



Starting from the 2014 Survey, in addition to the results for all respondents, we classified responding

companies into two groups: those companies receiving funds from venture capital (VC) firms (or companies receiving VC investments) and those companies not receiving funds from VC firms (or companies without VC investments), and compared the results.

Figure 2-1-2 Number of Responding Companies receiving/without VC investments

	Number of Responding Companies		
	2012	2013	2014
Receiving VC Investments	28	30	49
Without VC Investments	80	89	117
Total	108	119	166

Also note that for survey items that did not show large differences between companies receiving VC investments and those without VC investments, or for which the number of responses did not reach a sufficient sample size due to classification, the survey results are presented only for all responding companies.

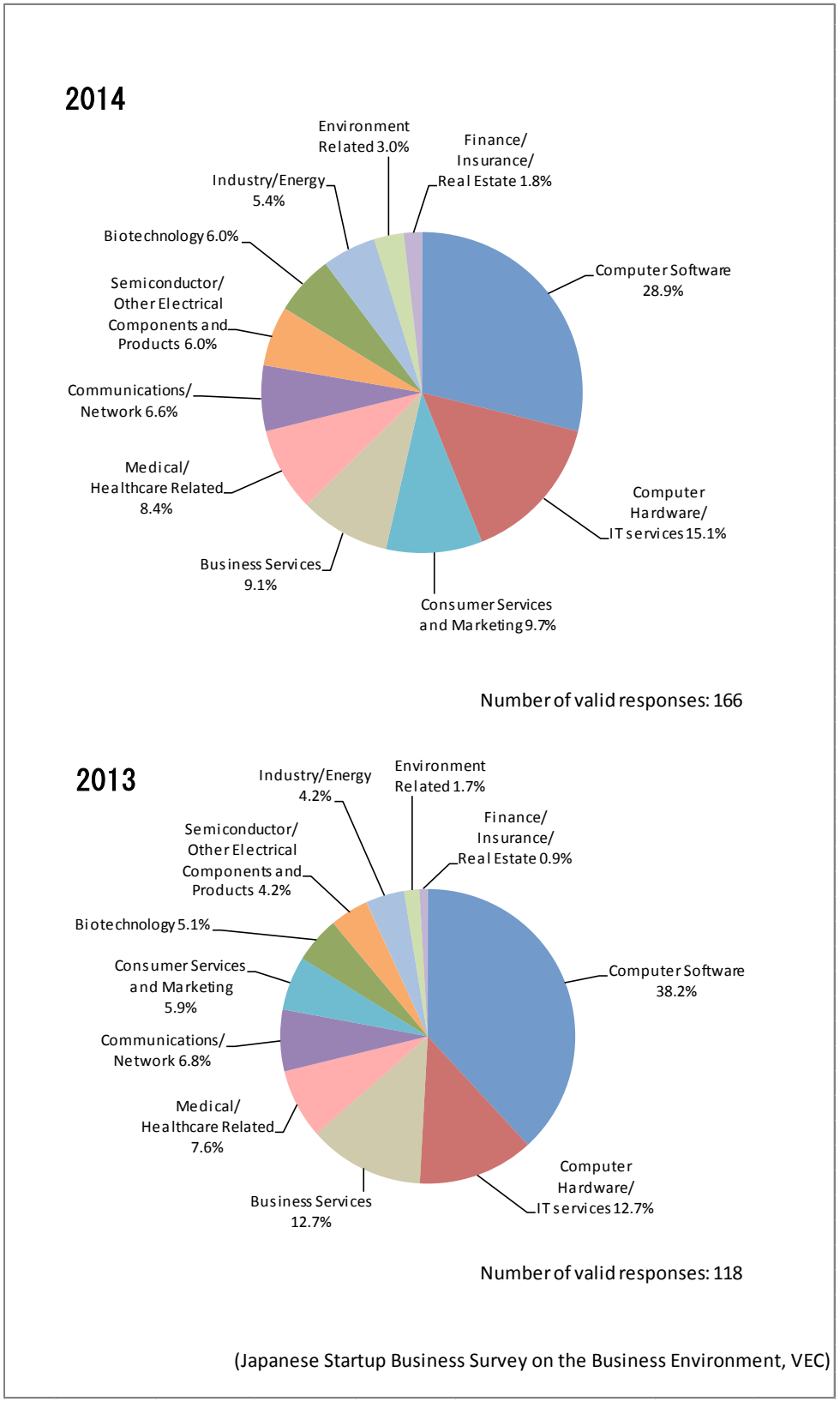
In this chapter, any reference to 2013 or 2014 in the text or in figures refers to "as of September of 2013" and "as of August of 2014," respectively.

2.1 Profiles of Responding Startup Companies

(1) Industries

In terms of the industries of all responding companies, the Computer Software industry accounted for the largest proportion of total responses both in 2013 and 2014, with 38.2% and 28.9% respectively, followed by Computer Hardware and IT services with 12.7% and 15.1% in 2013 and 2014, respectively. Consumer Services and Marketing accounted for 9.7%, showing an increase from 5.9% in the previous year and ranking third. No significant changes were observed in other industries (**see Figure 2-1-3**).

Figure 2-1-3 Industry Distribution of Responding Companies (All responding companies)



On the other hand, when comparing groups of companies receiving/without VC investments, the Computer Software industry accounted for the largest percentage of both groups, followed by Computer Hardware and IT services. The third-ranked industry in the group of companies receiving VC investments (**see Figure 2-1-4**) was Biotechnology, accounting for 10.0% and 14.3% in 2013 and 2014, respectively, while the third rank in the group of companies without VC investments (**see Figure 2-1-5**) was business services with 17.0% and 12.8% in 2013 and 2014, respectively.

In particular, in Biotechnology, the percentage for the group of companies receiving VC investments was 14.3%, which is considerably higher than 2.6% for the group of companies without VC investments. From this result, we interpret that VC firms were involved in investments in startup companies since their foundation, because the Biotechnology industry requires huge amounts of capital on a long-term basis.

Column 15: News curation services show rapid growth. Will they follow the path of the game development business?

Following the social game development business, the news curation service has been attracting attention as a potential growth business in the smartphone era. With large-scale fundraising, companies engaged in news curation services are on track for rapid expansion by establishing presences through heavy TV advertising and by securing talented employees.

News curation is services that display news and topics gathered from newspapers, journals, and blogs on websites with expectations of drawing people's interest. Given that winners and losers are becoming clear in the social game industry, entrepreneurs and VC firms are now keen on the news curation business with a prospect that it would grow into one of the next major investment areas.

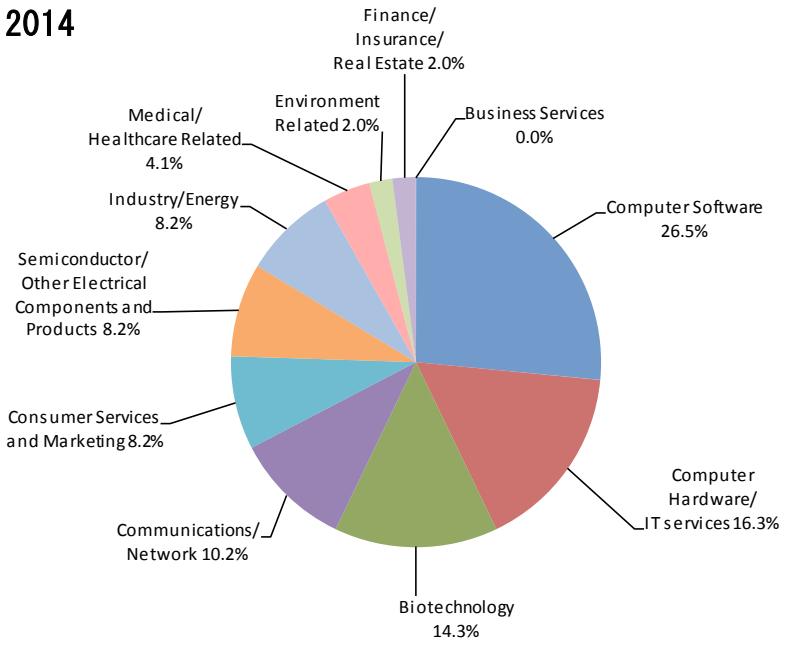
SmartNews, Gunosy, and NewsPicks operated by UZABASE Inc. are the three largest news curation services in Japan. Gunosy and SmartNews had topped 5 million downloads for their applications by the end of August 2014 and September 2014, respectively. NewsPicks, which offers news curation services specializing in economic news, reached 200,000 downloads.

Their fundraising is gaining momentum. In August 2014, SmartNews announced a capital increase of ¥3.6 billion. Atomico, a venture capital firm led by the founder of Skype, acted as lead investor for the fundraising, and major VC firms, including Globis Capital Partners, and business corporations, such as Gree and mixi, also invested. Gunosy had already secured funds worth ¥2.4 billion from investors including VC funds of KDDI, JAFCO, and B Dash Ventures during the period from March through June 2014.

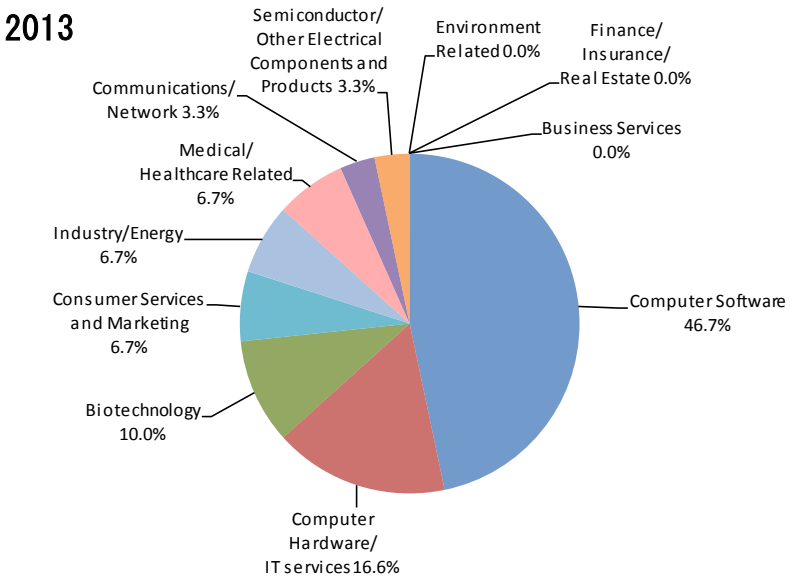
In August 2014, UZABASE raised funds totaling ¥470 million from ITOCHU Technology Ventures, YJ Capital, Globis Capital Partners, SMBC Venture Capital, Mitsubishi UFJ Capital, Shinsei Bank, GMO VenturePartners, and Monex Ventures. The funding was unique in that Kodansha, a company that provides news sources, also invested.

On the back of the large funds secured and expectations for potential business growth, competition to secure staff is also intensifying. NewsPicks hired the former editor-in-chief of Toyo Keizai Online, while SmartNews secured the former chief financial officer of Lifenet Insurance and the former editor-in-chief of Huffington Post Japan.

Figure 2-1-4 Industry Distribution of Responding Companies (Companies receiving VC investments)



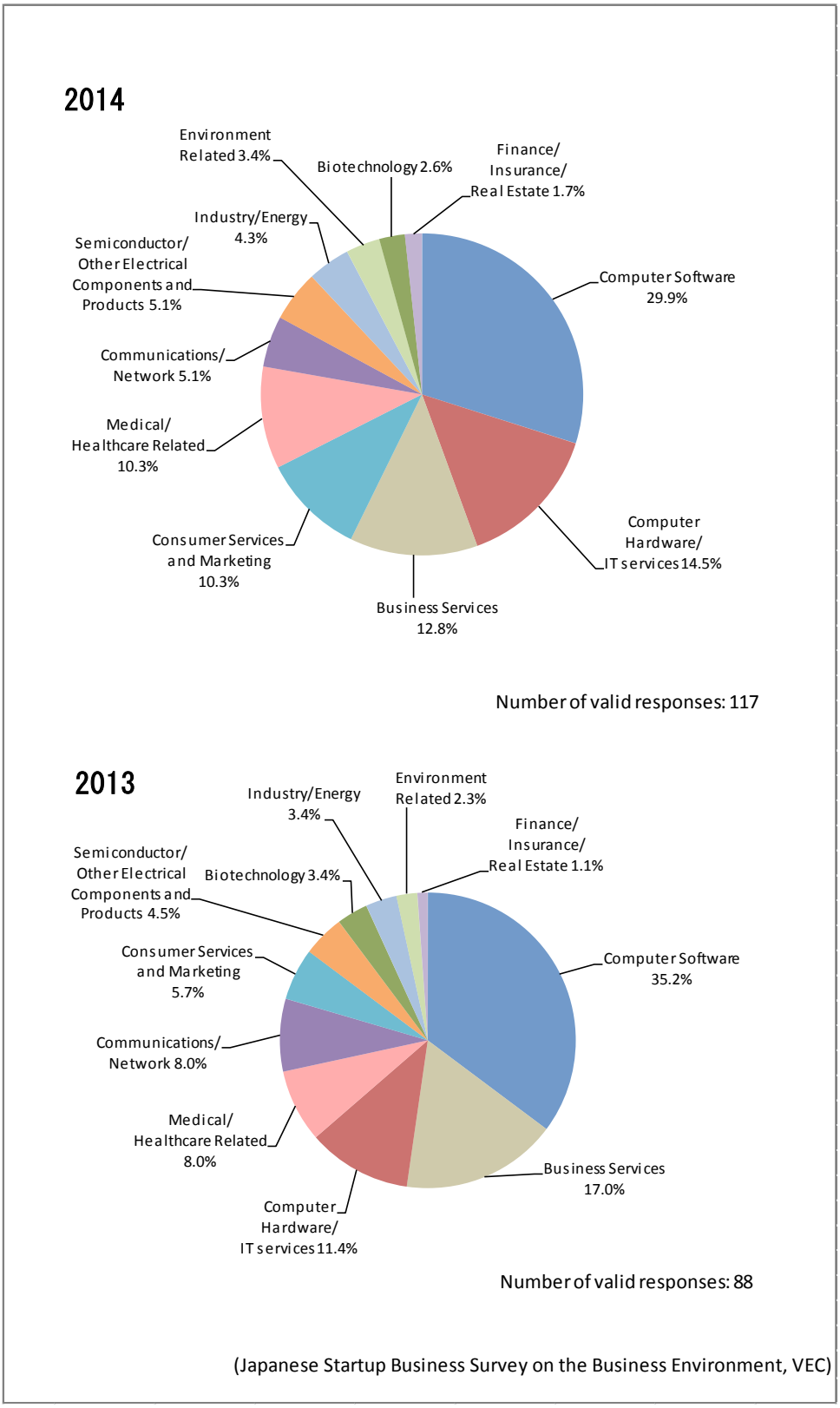
Number of valid responses: 49



Number of valid responses: 30

(Japanese Startup Business Survey on the Business Environment, VEC)

Figure 2-1-5 Industry Distribution of Responding Companies (Companies without VC investments)

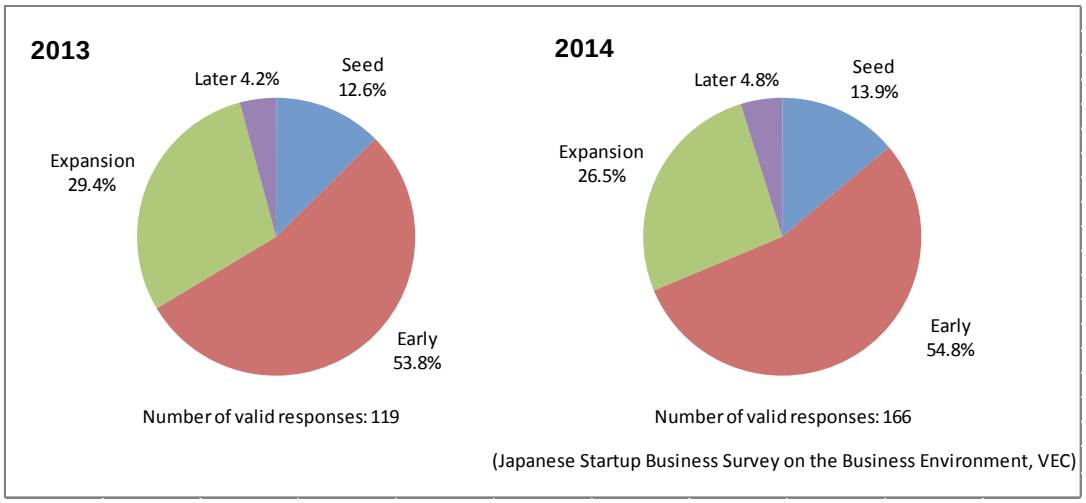


(2) Stage

The analytical results for stages of all responding companies reveal that more than 50% of all respondents belonged to the Early stage, with 53.8% and 54.8% in 2013 and 2014, respectively. This is followed by the Expansion stage, with 29.4% and 26.5% of respondents in 2013 and 2014, respectively. The reason why the Early stage occupied the vast majority is due to the scope of the survey, which was limited to companies established within the previous five years, and the possibility that responses were mainly from startups that are growing and feel able to respond to the survey.

The distribution by stage in 2014 showed almost no change from the results in 2013, and no significant difference is also seen between groups of companies with or without VC investments.

Figure 2-1-6 Stage Distribution of Responding Companies (All responding companies)

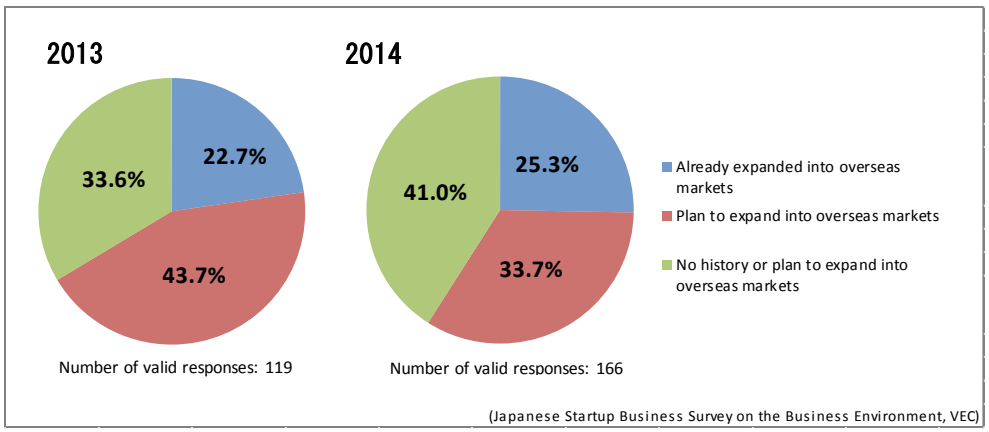


2.2 Status of Business Development

(1) Overseas Business Development

Among all responding companies, the percentage of companies that had already expanded into overseas markets was 25.3% in 2014, or a small increase of 2.6% from 22.7% in 2013. On the other hand, the percentage of companies that plan to develop their businesses overseas was 33.7% in 2014, or a 10.0% decline from 43.7% in 2013, and was also lower than the 41.0% of companies that neither had overseas business operations in the past nor plan to develop businesses overseas.

Figure 2-2-1 Status of Overseas Business Development (All responding companies)



In the group of companies receiving VC investments, the combined percentages of companies that have already expanded into overseas markets and those that plan to develop business overseas accounted for about 75% of total responses, while in the group of companies without VC investments (**see Figure 2-2-3**), nearly 50% of responding companies answered that they neither had engaged in overseas business in the past nor had plans to develop business overseas. These results suggest that fundraising from VC firms and overseas business development by startup companies are closely correlated, and many startup companies receiving investments from VC firms are considering overseas business expansion.

Figure 2-2-2 Status of Overseas Business Development (Companies receiving VC investments)

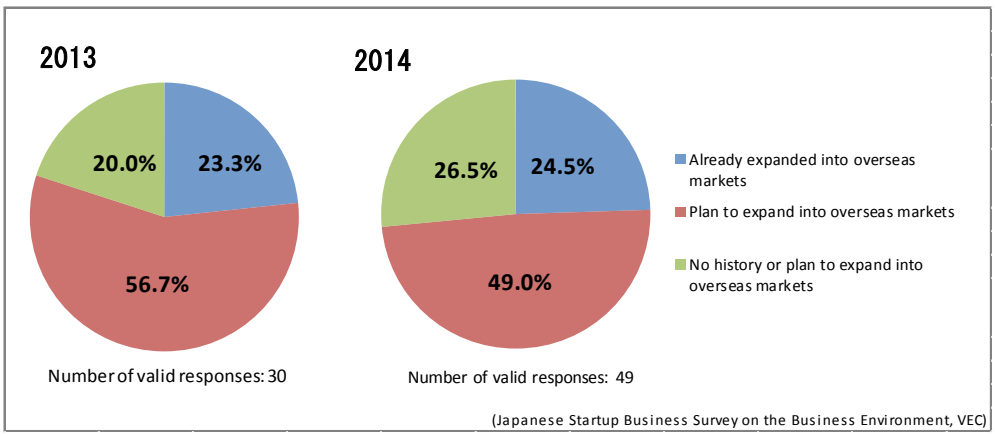
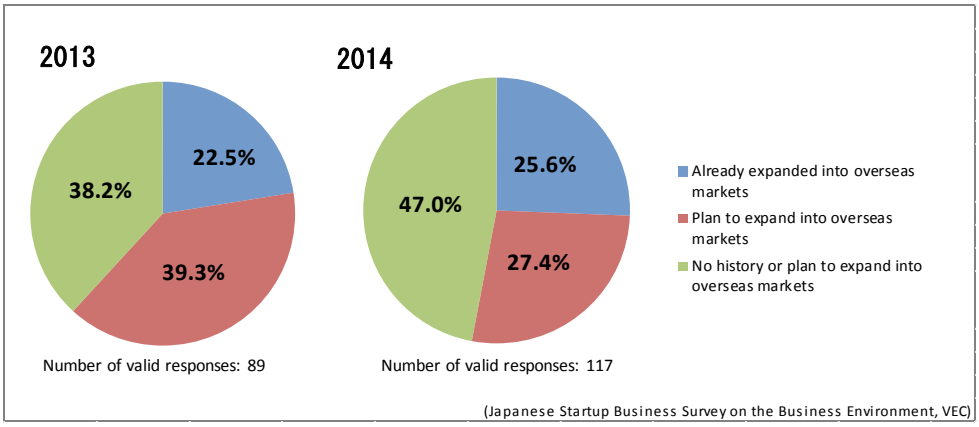


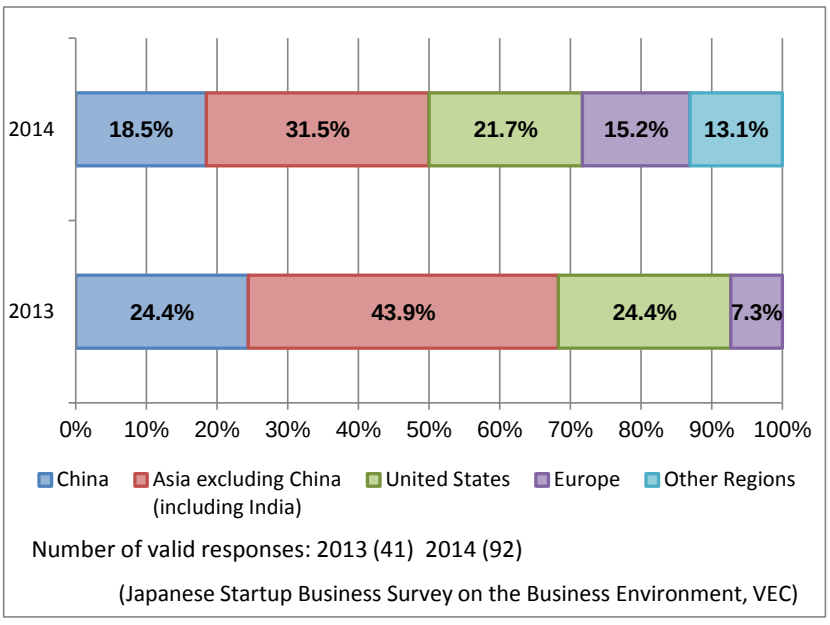
Figure 2-2-3 Status of Overseas Business Development
(Companies without VC Investments)



(2) Overseas Business Expansion by Region

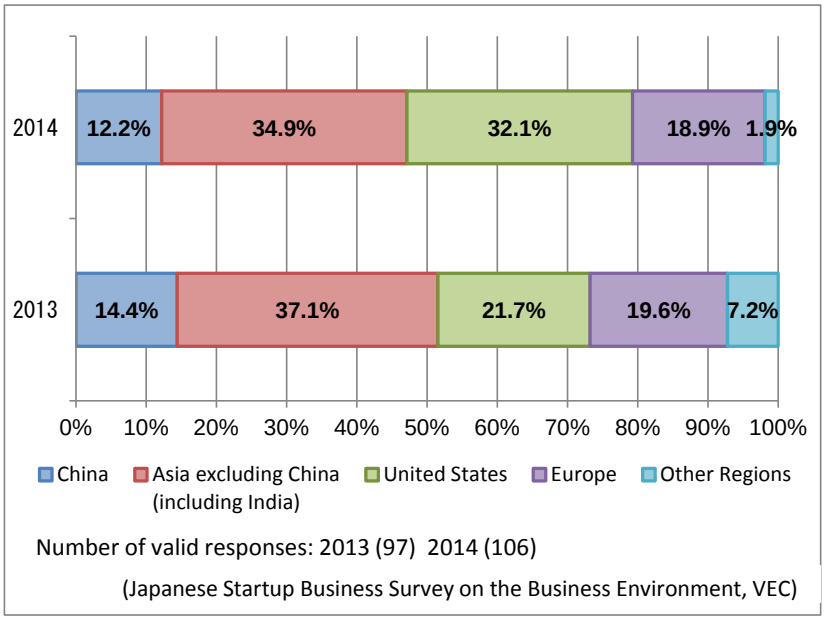
In the analysis of overseas business expansion by region, for all responding companies, the 2013 survey revealed that China accounted for 24.4%, while Asia excluding China but including India accounted for 43.9%, with Asia as a whole accounting for nearly 70%. In 2014, however, the combined percentages for the Asian region dropped to 50.0%. The 2014 results also indicate that business expansion to Europe and other regions increased (**See Figure 2-2-6** for details).

Figure 2-2-4 Existing Overseas Business by Region
(All responding companies, multiple responses included)



When looking at future plans for overseas expansion by region, the United States increased from 21.7% in 2013 to 32.1% in 2014, while Asia as a whole and Europe saw little change.

Figure 2-2-5 Planned Overseas Business Expansion by Region
(All responding companies, multiple responses included)



When looking at the details regarding existing or planned overseas business expansion in 2014, the survey results reveal that companies have expanded their business into more than 10 countries in Asia. Countries in other regions include Russia and Mexico, indicating that Japanese startup companies are expanding or plan to expand their businesses into countries other than Europe and North America.

Figure 2-2-6
Countries in Asia Other Than China and Other Regions Regarding Existing or Planned Overseas Business Expansion

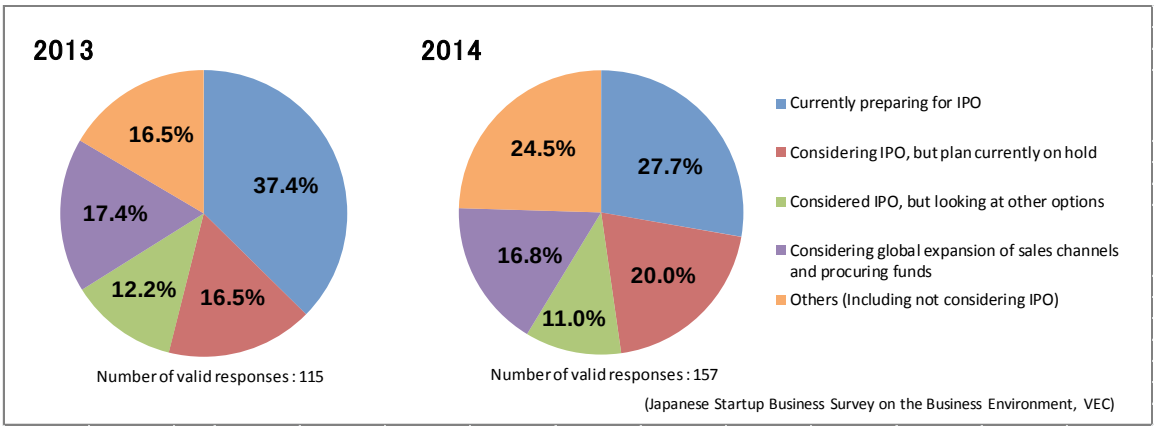
[Regions where business expansion is already underway]		[Regions where business expansion is planned]	
Asia other than China	**Number of companies**	**Asia other than China**	**Number of companies**
Indonesia	5	South Korea	5
Taiwan	5	Taiwan	4
Vietnam	5	Singapore	3
South Korea	4	India	2
Singapore	3	Indonesia	1
Thailand	3	China	1
Cambodia	2	The Philippines	1
The Philippines	2	Thailand	1
Sri Lanka	1	Hong Kong	1
Hong Kong	1	Malaysia	1
Malaysia	1	Undecided	1
Myanmar	1		
Mongolia	1		
Other regions	**Number of companies**	**Other regions**	**Number of companies**
CIS, Latvia, Russia, Mexico	One for each country	Russia, Algeria, Brazil, Mexico	One for each country
Trial Web services released globally with no specific countries targeted.	1		
More than 200 countries and regions	1		
Countries where Google Play and App Store operate	1		

(Note) The above countries are only those provided in the free response to the question on “Asia other than China” and “Other Regions.”

(3) Future Business Plans

Among all responding companies, the percentage preparing for an IPO declined about 10% from 37.4% in 2013 to 27.7% in 2014, while the ratio of other companies included not considering an IPO increased 8% from 16.5% in 2013 to 24.5% in 2014.

Figure 2-2-7 Outlook of Startups for IPO (All responding companies)



The group of companies receiving VC investments, the percentage of those preparing for an IPO increased substantially to 51.0% in 2014 from 37.9% in 2013, while in the group of companies without VC investments (**see Figure 2-2-9**), the percentage declined from 37.2% in 2013 to 16.8% in 2014. These results suggest that startup companies receiving investments from VC firms proactively prepare for IPOs.

Figure 2-2-8 Outlook of Startups for IPO (Companies receiving VC investments)

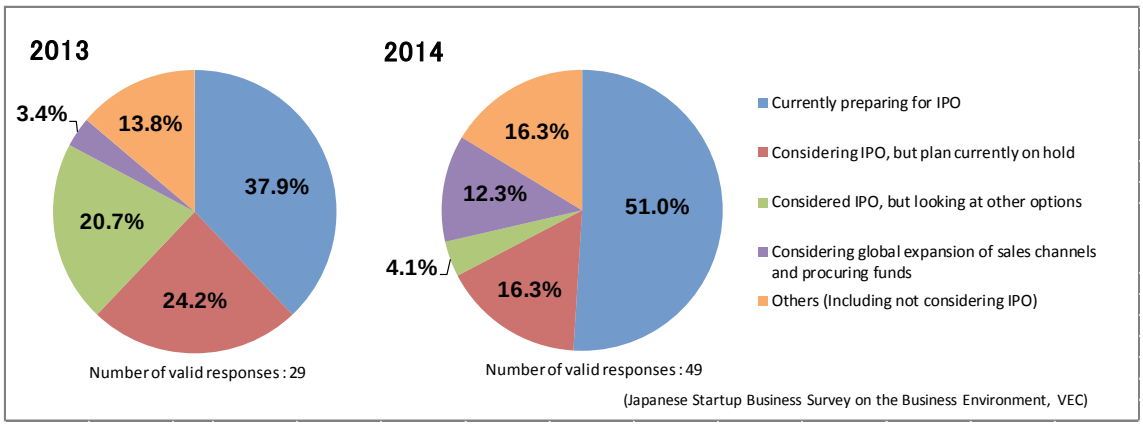
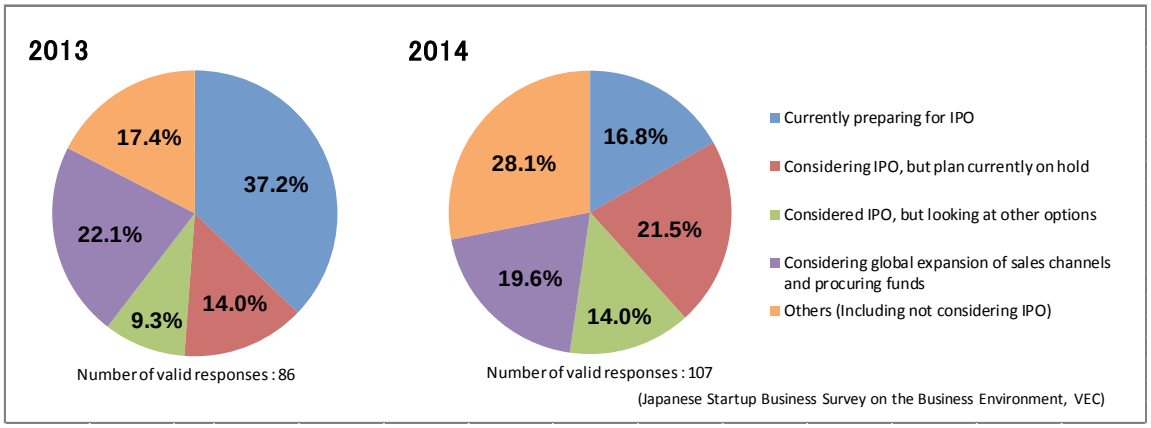


Figure 2-2-9 Outlook of Startups for IPO (Companies without VC investments)



(Japanese Startup Business Survey on the Business Environment, VEC)

Column 16: Korean startup companies present their business plans in Japan, procure funds from Japanese investors, and tie up with large Japanese corporations

Korea has stepped up support for startup businesses at a national level. Among its measures, the Korean government is sending Korean startup companies to events held in Japan to present their business plans. The country aims to help businesses to obtain funds and to gain access to markets in Japan. Given that the Japanese market is double the size of the Korean market, the government considers that Japan offers a good opportunity as an entry point for startup companies to develop and grow as global players, as was the case for Korean TV dramas, movies, and music.

In mid-October, more than 10 Korean startup companies made business presentations to Japanese business people and entrepreneurs at Samurai Startup Island, a startup support facility of Samurai Incubate Inc. (Shinagawa-ku, Tokyo). In subsequent presentations, they arranged interpreters for each participant and smoothly transitioned to business discussions and negotiations with Japanese counterparts.

From the following day, these startup companies made presentations to about five Japanese VC firms including CyberAgent, Inc., as well as held exchange meetings with engineers of Japanese companies, during a four-day visit with a packed schedule.

Korea's Ministry of Science, Ict. & Future Planning was a major sponsor of the visit. The ministry was established with the aim of supporting the development and growth of new industries, in particular, promoting science technologies and information technology. The ministry is also said to provide support for chaebol companies, depending on the theme.

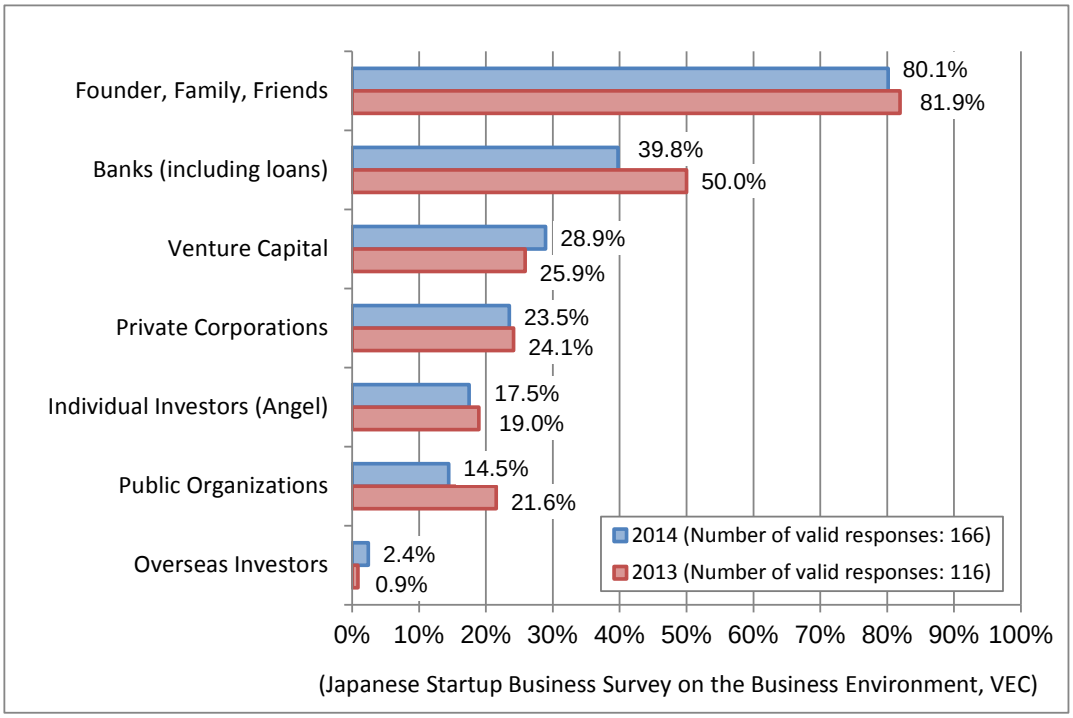
Similar programs have been operated on a large scale for around three years. A startup company developing preschool education products stated it would participate in a promotional visit to the U.S. Another startup company also attended government-sponsored programs in Southeast Asia and Europe, prior to Japan. It is said that there were four visits to Japan in 2014 alone. The person responsible at the Korean government-related institution who accompanied the mission to Japan remarked: "The government's policy is to select excellent startup companies and provide them with opportunities to promote their development and growth."

2.3 Status of Fundraising

(1) Status of Fundraising since Incorporation

In the analysis of fundraising since incorporation, funds provided by Founder, Family, and Friends, or the 3Fs, represented the largest source, accounting for 80.1% of the total, followed by Banks at 39.8%, Venture Capital at 28.9%, and Private Corporations at 23.5%. This trend remains unchanged.

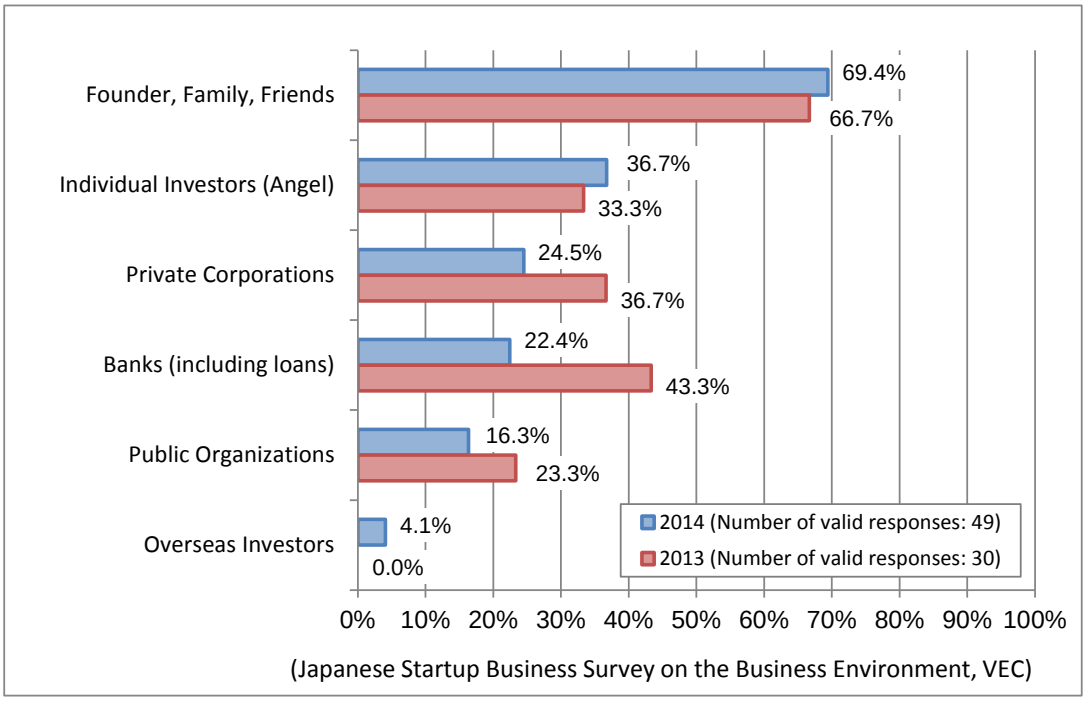
Figure 2-3-1 Sources of Total Funds Raised since Incorporation
(By percentage of number of fundraisings for all responding companies, multiple responses included)



The group of companies receiving VC investments cited the 3Fs as the largest fundraising source, which was the same as the result for all responding companies, followed by Individual Investors, Private Corporations, and Banks. These three sources account for about 30%, respectively, of all sources.

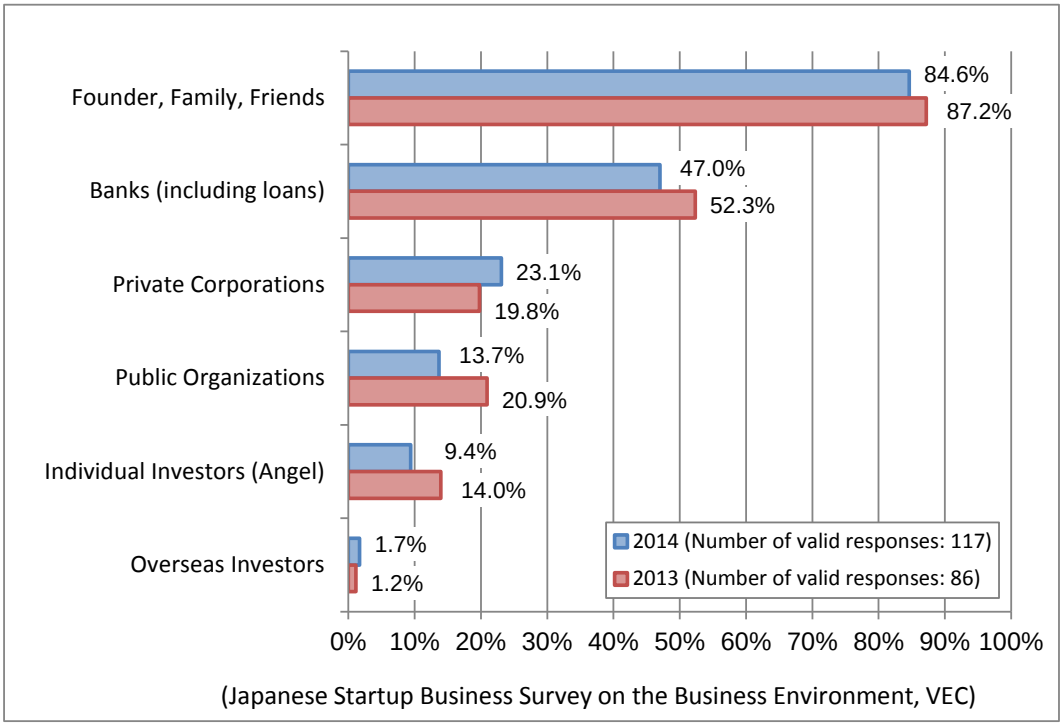
On the other hand, considering the fund-raising sources of companies without VC investments, the 3Fs contributed to funding for an overwhelming 80% of companies, followed by Banks, which contributed to around 50%. Given that the majority of funding was from the 3Fs and Banks, we interpret that fundraising from external capital, such as the issuance of shares, is not so well developed.

Figure 2-3-2 Sources of Total Funds Raised since Incorporation
(By percentage of number of fundraisings for companies receiving VC investments, multiple responses included)



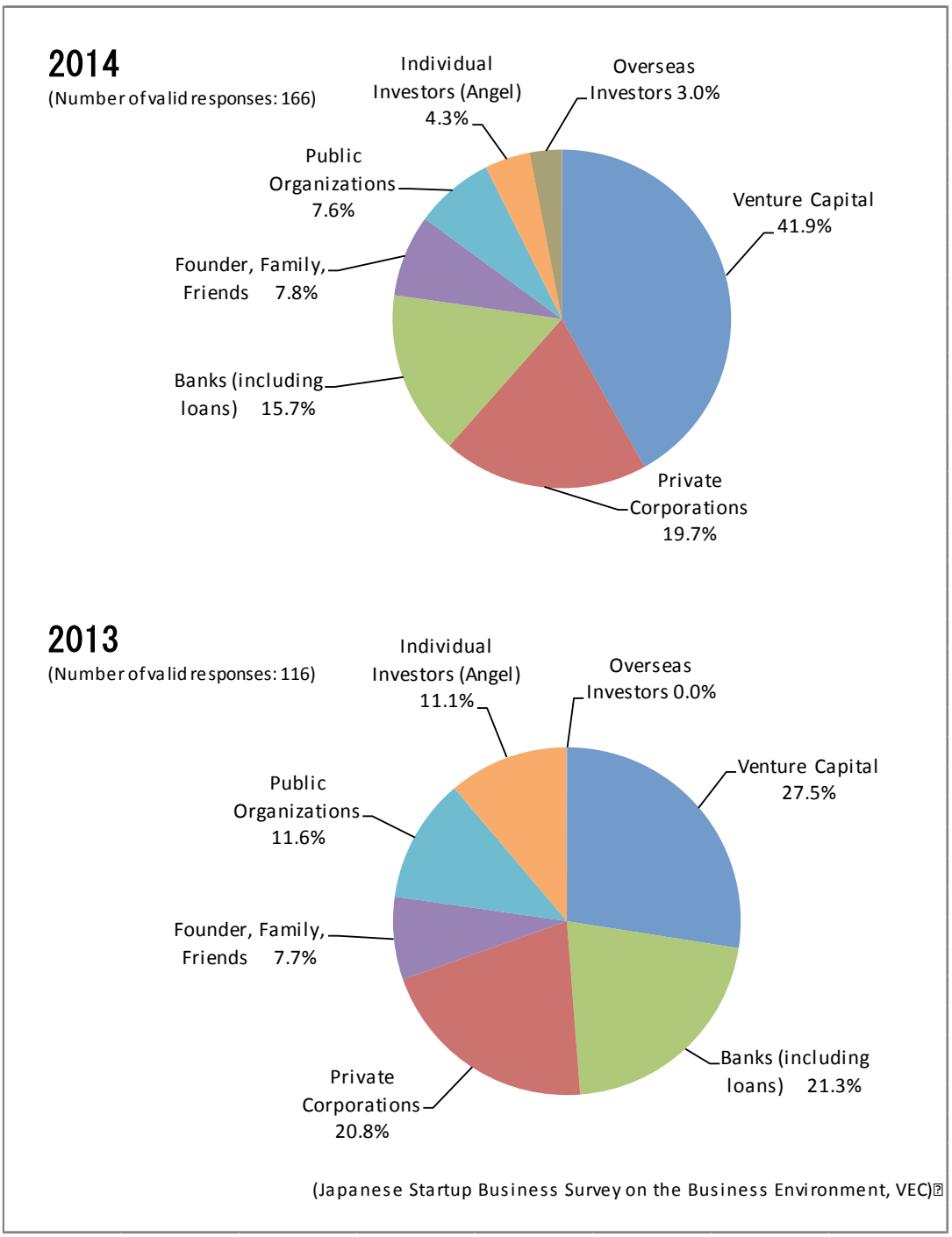
*Fundraising by VC firms are excluded in the above report because it accounts for 100%.

Figure 2-3-3 Sources of Total Funds Raised since Incorporation
(By percentage of number of fundraisings, companies without VC investments, multiple responses included)



Among all responding companies, the percentage of the amount of funds raised since incorporation showed significant growth for Venture Capital, increasing to 41.9% in 2014 from 27.5% in 2013, indicating proactive investments by VC firms. On the other hand, the percentage for Individual Investors fell to 4.3% in 2014 from 11.1% in 2013.

Figure 2-3-4 Sources of Total Funds Raised since Incorporation
(By percentage of amount of funds raised for all responding companies, multiple responses included)



(Japanese Startup Business Survey on the Business Environment, VEC)

In the group of companies receiving VC investments, investments by Venture Capital increased, which is the same result as for all responding companies, showing an 18.5% year-on-year increase in 2014. On the other hand, fundraising from Private Corporations, public organizations, Banks, and Individual Investors dropped by approximately 40 to 50%, respectively.

In the group of companies without VC investments (**see Figure 2-3-6**), fundraising from Banks accounted for nearly 40%, which is the same as the previous year, followed by fundraising from Private Corporations, which increased 160% from 22.7% in 2013 to 36.4% in 2014, while funding from Individual Investors dropped sharply from 12.4% in 2013 to 1.3% in 2014.

Figure 2-3-5 Sources of Total Funds Raised since Incorporation (By percentage of amount of funds raised for companies receiving VC investments, multiple responses included)

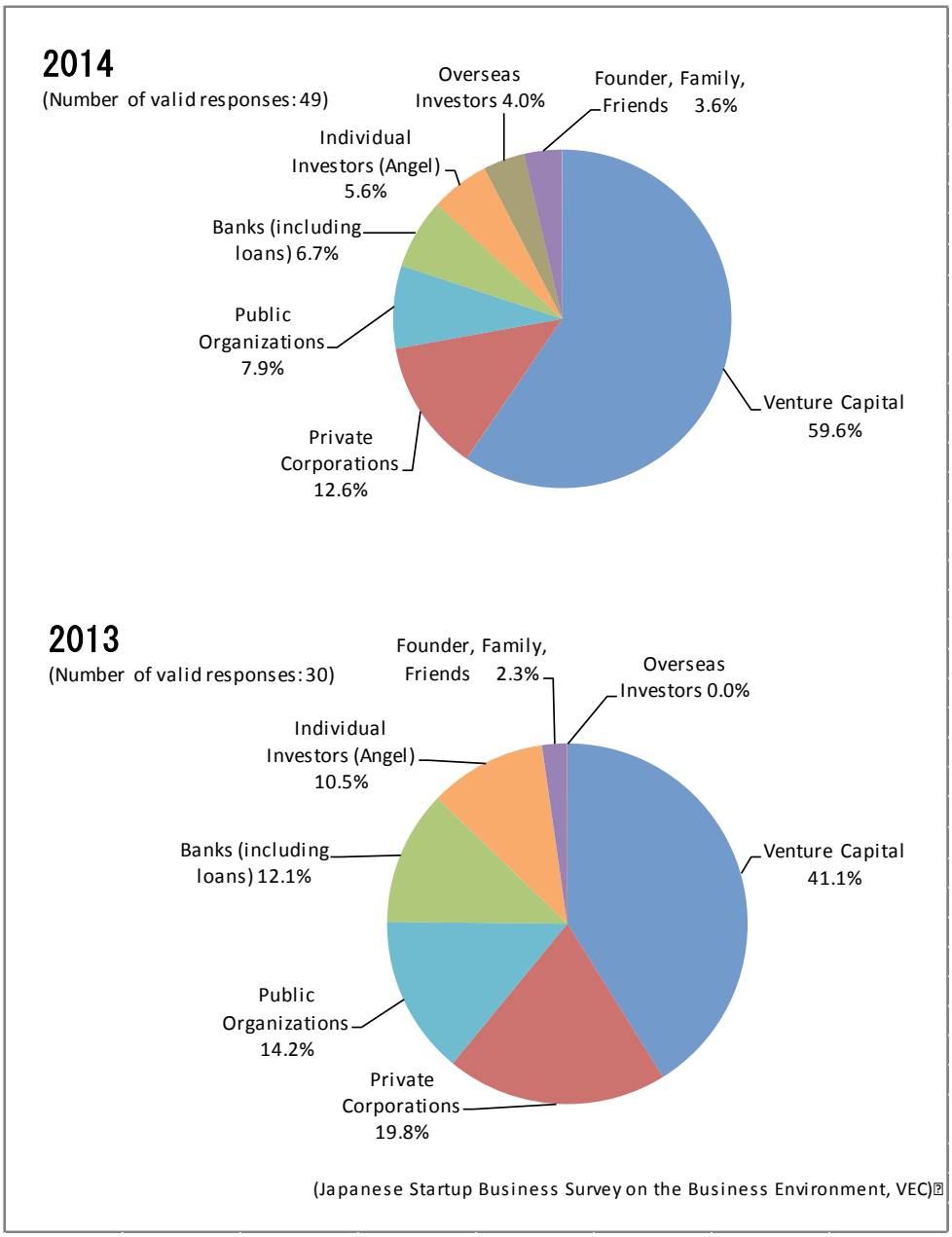
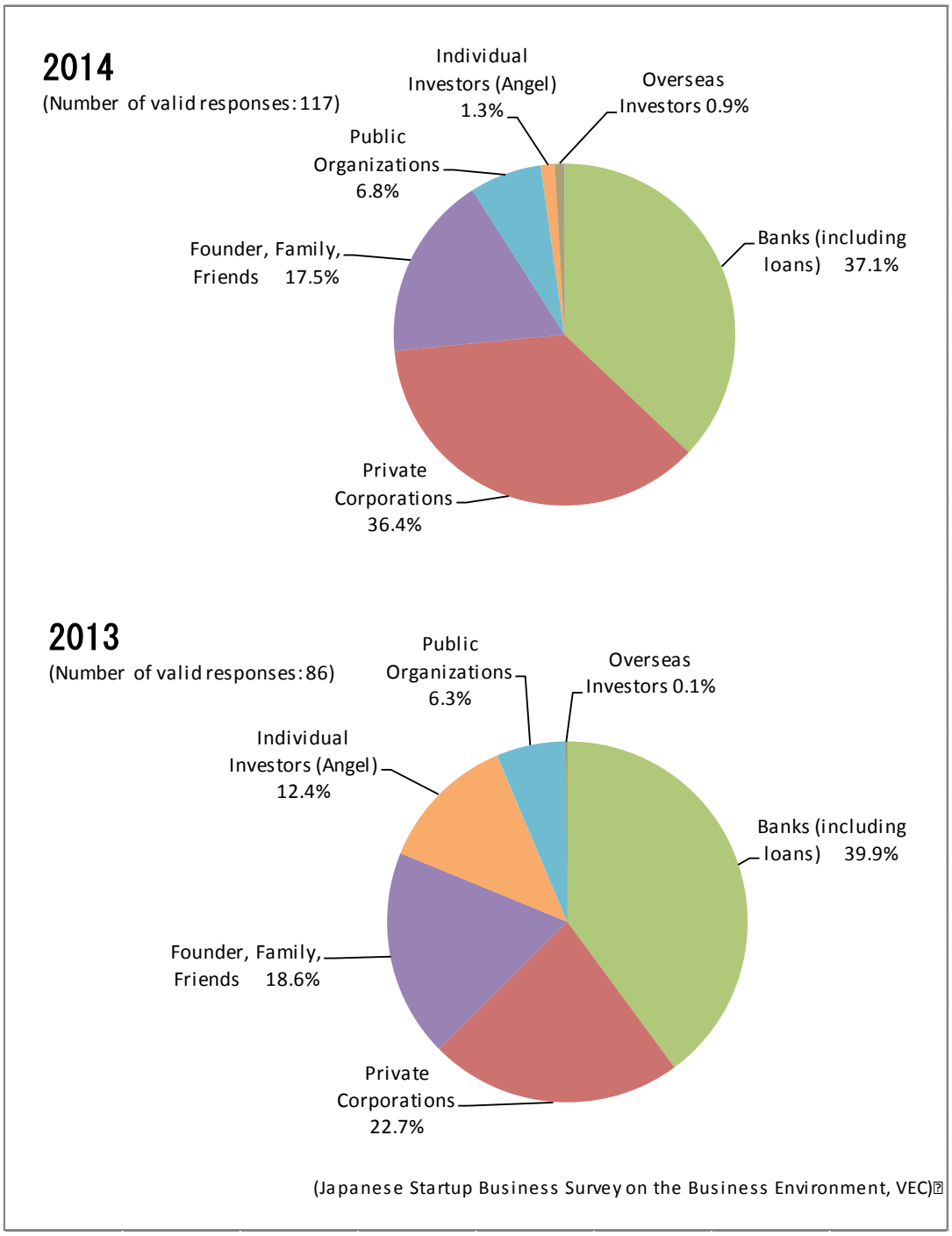
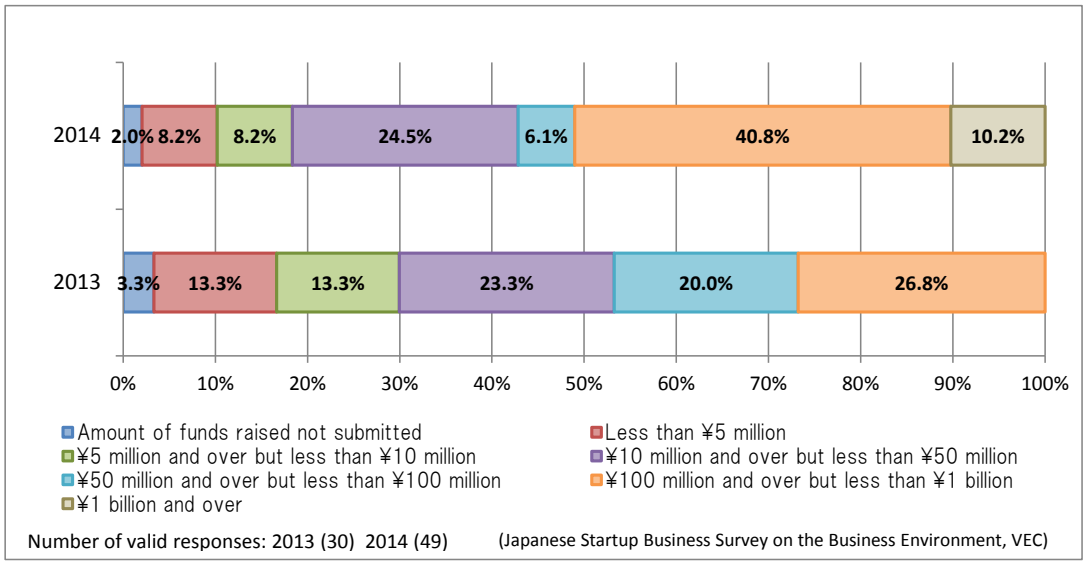


Figure 2-3-6 Sources of Total Funds Raised since Incorporation (By percentage of amount of funds raised for companies without VC investments, multiple responses included)



Regarding the group of companies receiving VC investments, when examining the number of investments from VC firms, on the basis of amount, the percentage of the number of investments of ¥100 million or more topped 50% in 2014, with 10% of investments over ¥1 billion. This reflects aggressive investments by VC firms in startup businesses in 2014.

Figure 2-3-7 Sources of Funds by Amount Raised from VC firms since Incorporation (By percentage of number of investments for companies receiving VC investments, multiple responses included)



Column 17: Large fundraisings Are no longer unusual. gumi raised nearly ¥10 billion in total.

Following on from the previous year, unlisted startup companies continued to raise large amounts of funding in 2014. gumi (Shinjuku-ku, Tokyo), a game development company for smartphone users, raised ¥5 billion in only one round from WiL (California), a U.S. investment firm, and other VC firms in July 2014. The smartphone game developer aims to expand overseas. Total funds raised amounted to ¥9.8billion.

gumi has been showing strong performance with its major game brands such as Brave Frontier, and will debut on the stock market in December 18, 2014 (as of November 30, 2014). According to a forecast based on previous listings of rival companies such as Colopl, Inc., gumi's market cap is expected to reach several hundred billion yen.

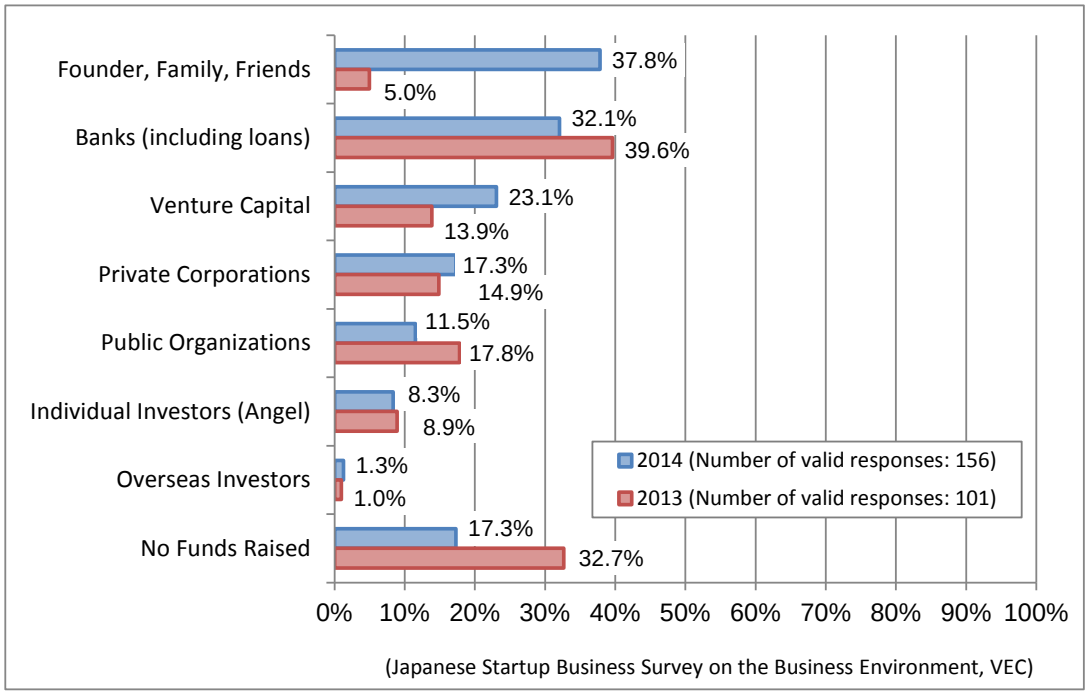
While gumi needed funds, the strong commitment of VC firms appears to underlie the ¥9.8 billion fundraising. VC firms that have procured large funds are inclined to target an investment destination at the later business stage so that they can inject a large amount of funds and ensure relatively rapid returns.

In recent years, there have been frequent cases of large fundraisings worth one billion yen in one round. Startup companies are looking enthusiastically for funds to compete with U.S. mega startup companies for overseas business development. On the other hand, with huge amounts of capital available due to global monetary easing, VC firms tend to eye big investment returns by making huge investments in startup companies with growth potential.

(2) Status of Fundraising during the Most Recent One-year Period

Among all responding companies, the 2014 survey results on fundraising status during the most recent one-year period show significant growth for the funding source of Founder, Family, and Friends, with an increase from 5.0% in 2013 to 37.8% in 2014. In 2013, companies responding that they were unable to procure funds accounted for 32.7%, while the percentage dropped to 17.3% in 2014. This reflects an easier fundraising environment during the one year leading up to the 2014 survey.

Figure 2-3-8 Sources of Total Funds during the Most Recent One-year Period (By percentage of number of fundraisings for all responding companies, multiple responses included)



The group of companies receiving VC investments (**see Figure 2-3-9**) showed a sharp increase in funding from VC firms from 46.7% in 2013 to 78.3% in 2014, while procurement from Banks fell from 26.7% in 2013 to 15.2% in 2014.

In the group of companies without VC investments (**see Figure 2-3-10**), fundraising from Founder, Family, and Friends surged from 7.0% in 2013 to 44.5% in 2014. Funding from Banks still accounts for a large proportion at around 40%. The proportion of companies responding that they were unable to procure funds decreased by nearly half from 36.6% in 2013 to 18.2% in 2014, which suggests that fundraising from the previously mentioned sources has become easier.

Figure 2-3-9 Sources of Total Funds during the Most Recent One-year Period (By percentage of number of fundraisings for companies receiving VC investments, multiple responses included)

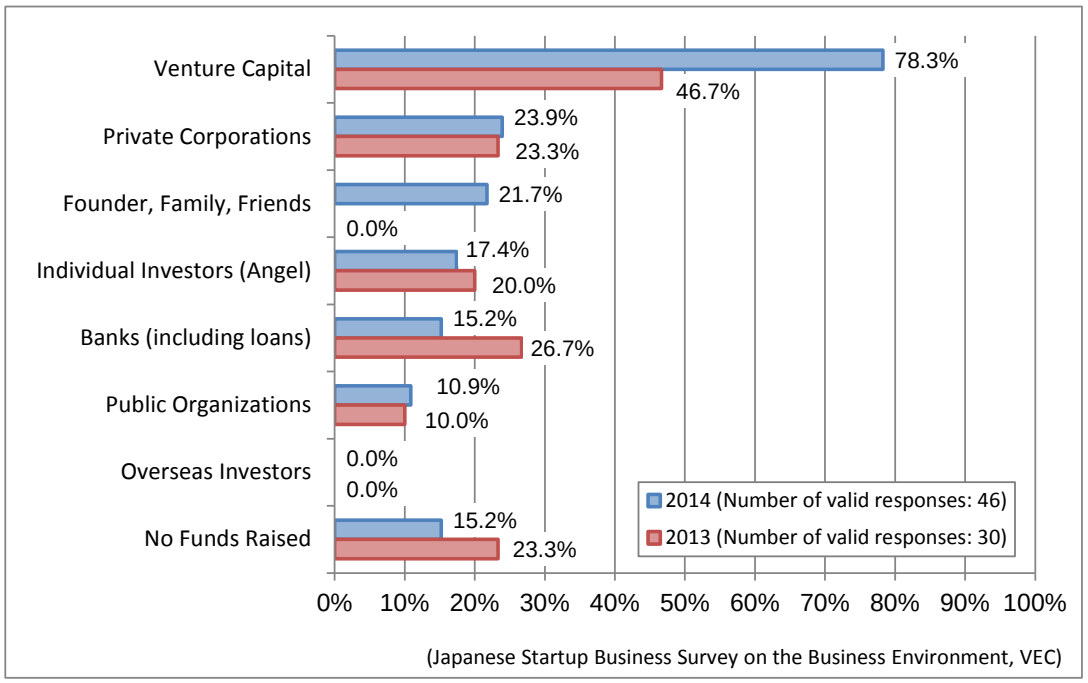
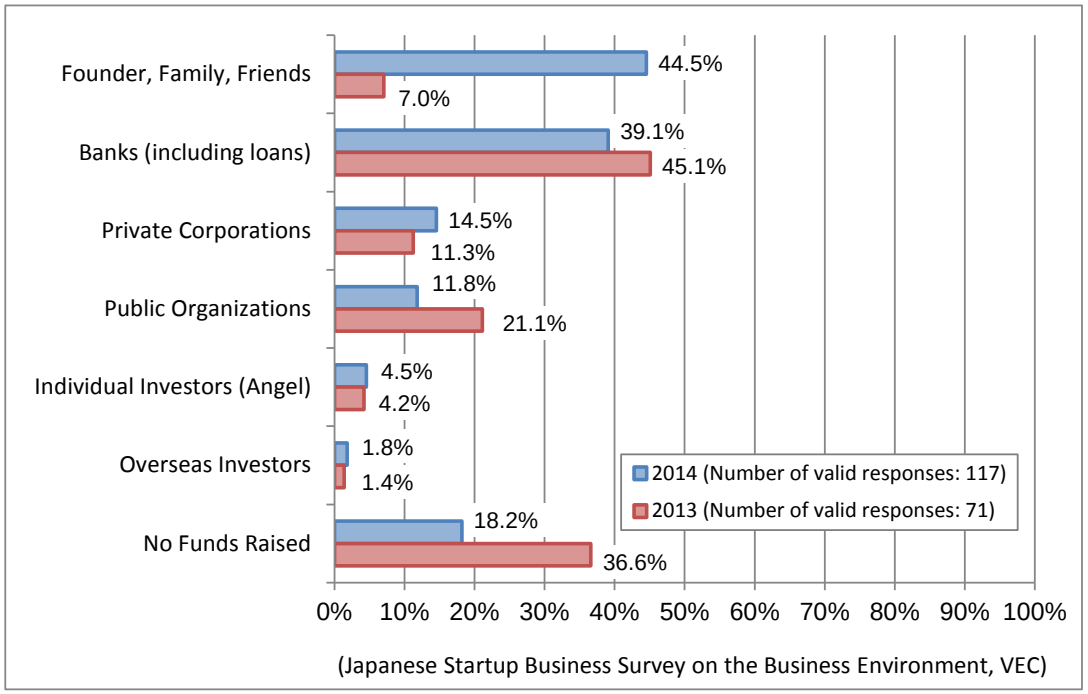
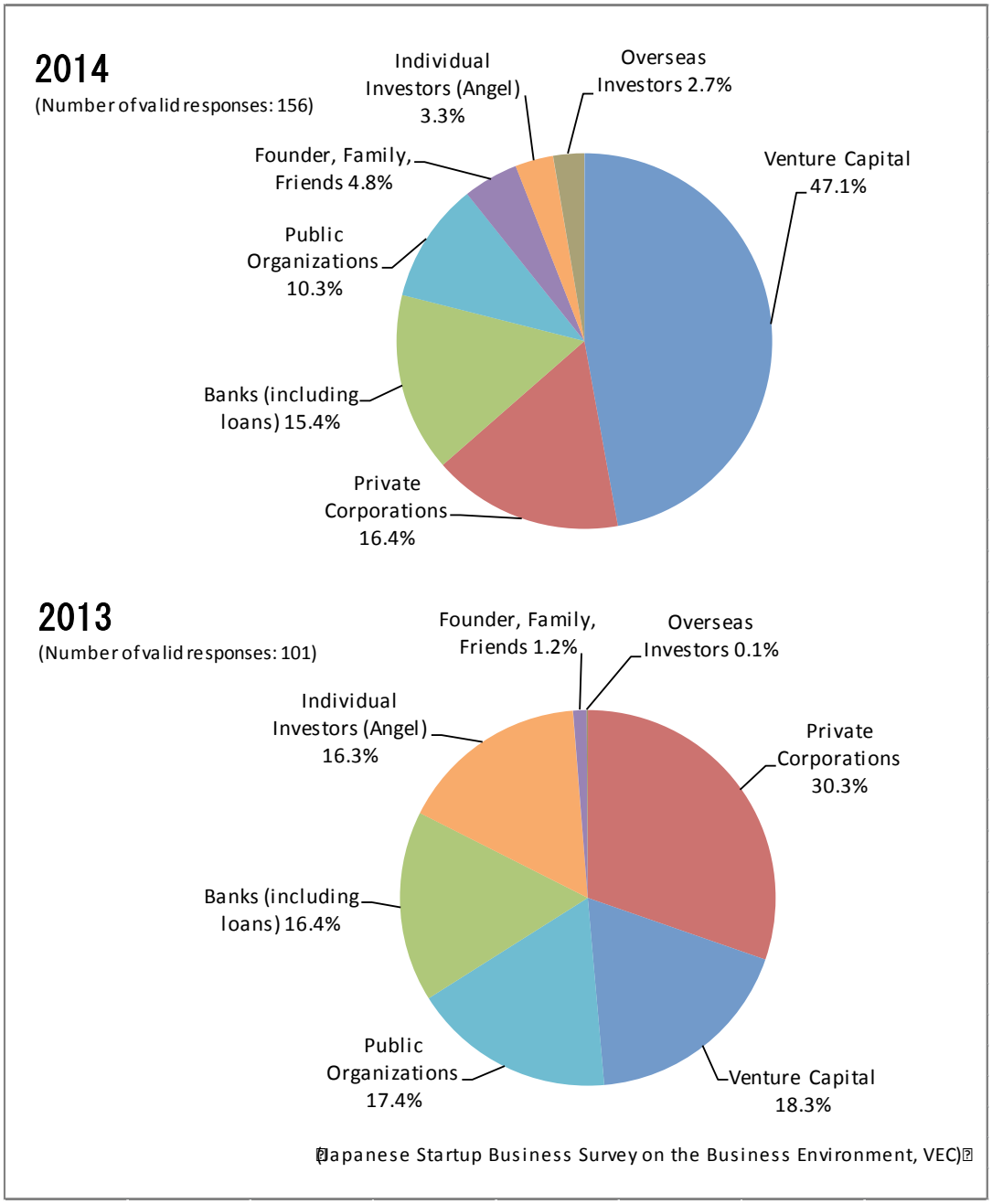


Figure 2-3-10 Sources of Total Funds during the Most Recent One-year Period (By percentage of number of fundraisings for companies without VC investments, multiple responses included)



Among all responding companies, of the percentage of funds by amount raised during the most recent one-year period, fundraising from VC firms increased significantly from 18.3% in 2013 to 47.1% in 2014. In contrast, the percentage of funding from Private Corporations during the most recent one-year period up until the 2014 survey declined nearly 50% from 30.3% in 2013 to 16.4% in 2014.

Figure 2-3-11 Sources of Total Funds Raised during the Most Recent One-year Period (By percentage of amount of funds raised for all responding companies, multiple responses included)



(Japanese Startup Business Survey on the Business Environment, VEC)

The group of companies receiving VC investments showed a 240% increase from 27.2% in 2013 to 65.8% in 2014 for fundraising from VC firms, while the percentages of funds procured from Private Corporations, Public Organizations, and Individual Investors each shrank significantly.

On the other hand, in the group of companies without VC investments (**see Figure 2-3-13**), fundraising from Banks accounted for the largest portion, followed by Private Corporations. The 2014 survey results also reveal significant changes in fundraising from Individual Investors and Overseas Investors. The percentage procured from Individual Investors fell from 21.0% in 2013 to 0.7% in 2014, while the percentage of funding from overseas investors rose from 0.3% in 2013 to 9.4% in 2014.

Figure 2-3-12 Sources of Total Funds Raised during the Most Recent One-year Period (By percentage of amount of funds raised for companies receiving VC investments, multiple responses included)

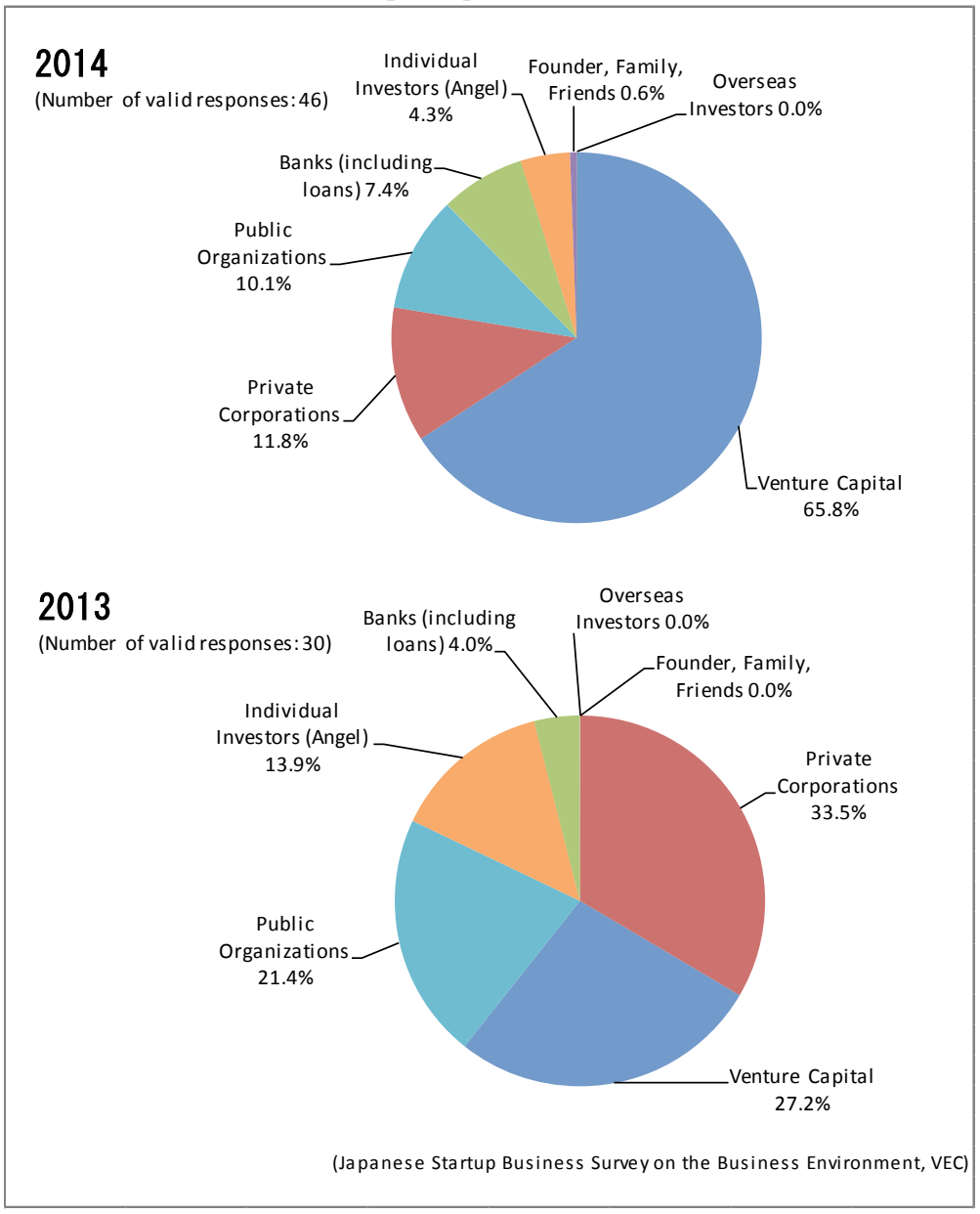
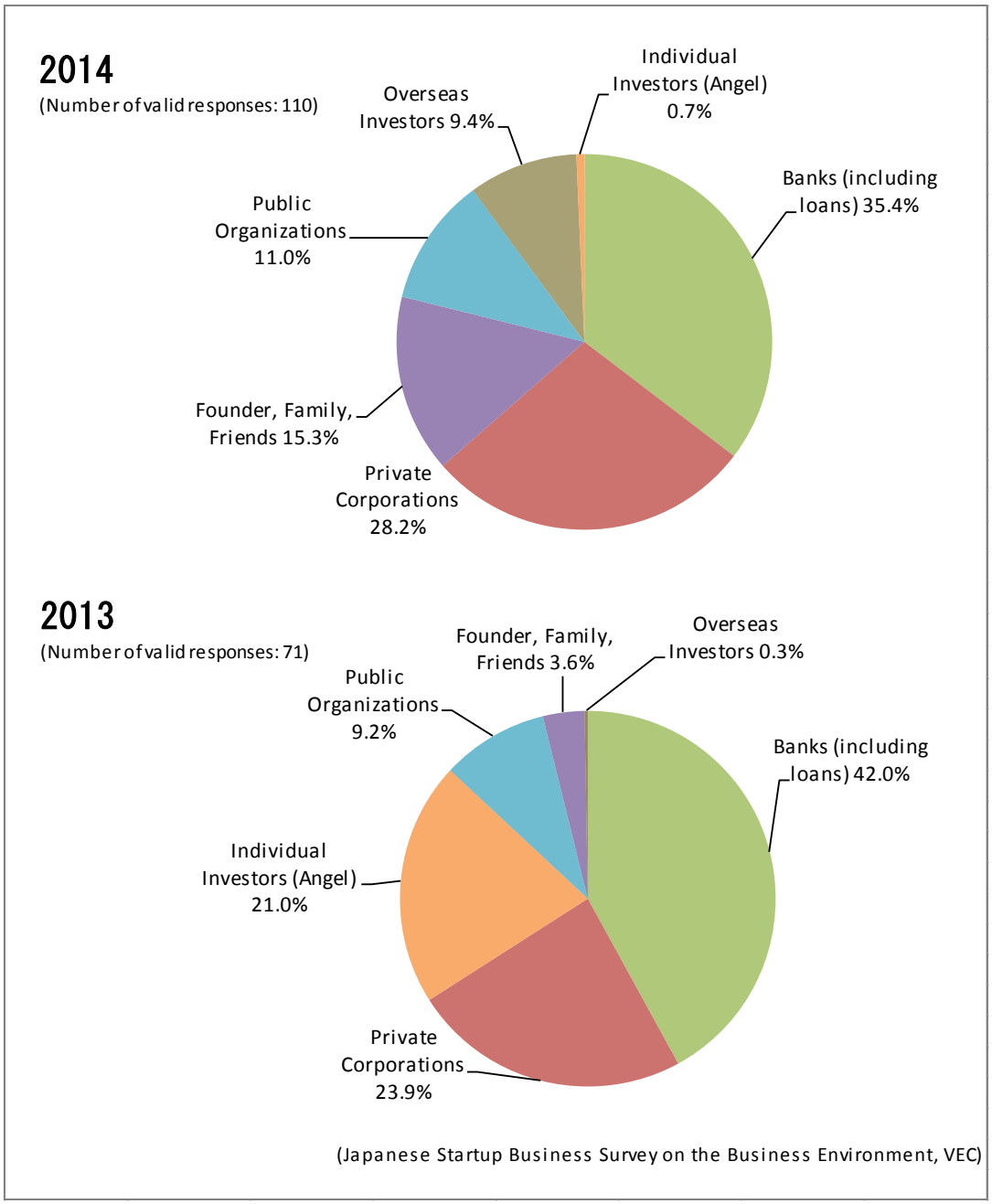


Figure 2-3-13 Sources of Total Funds Raised during the Most Recent One-year Period (By percentage of amount of funds raised for companies without VC investments, multiple responses included)

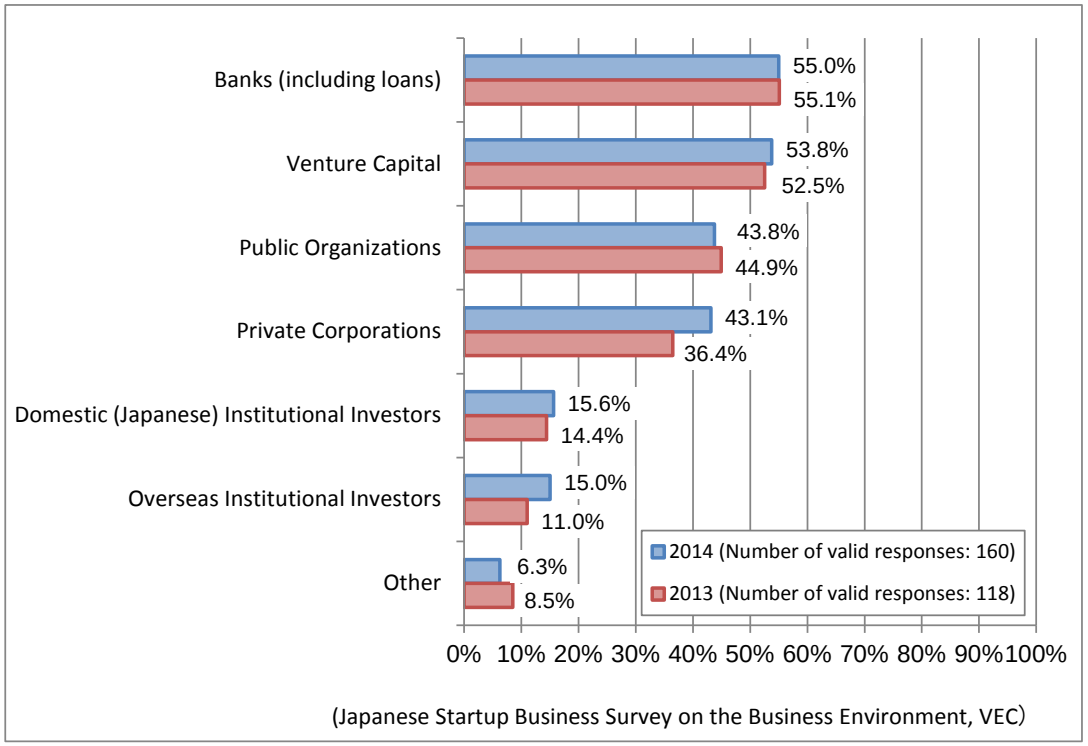


(Japanese Startup Business Survey on the Business Environment, VEC)

(3) Forecasted Sources of Future Funds

Among all responding companies, forecasted sources of future funds comprised of Banks, Venture Capital, Public Organizations, and Private Corporations, each of which accounted for 40-50% of total responses. These trends have remained unchanged for two consecutive years.

Figure 2-3-14 Forecasted Sources of Future Funds
(All responding companies, multiple responses included)



In the group of companies receiving VC investments, the percentage of fundraising forecasted from VC firms exceeded 70%, followed by Banks and Private Corporations at around 50%. On the other hand, in the group of companies without VC investments (**see Figure 2-3-16**), the most likely funding sources were Banks, closely followed by Public Organizations, Venture Capital, and Private Corporations. These results suggest that companies receiving VC investments have relatively clear preferences for sources of funds, while companies without VC investments are considering various channels of fundraising.

Figure 2-3-15 Forecasted Sources of Future Funds
(Companies receiving VC investments, multiple responses included)

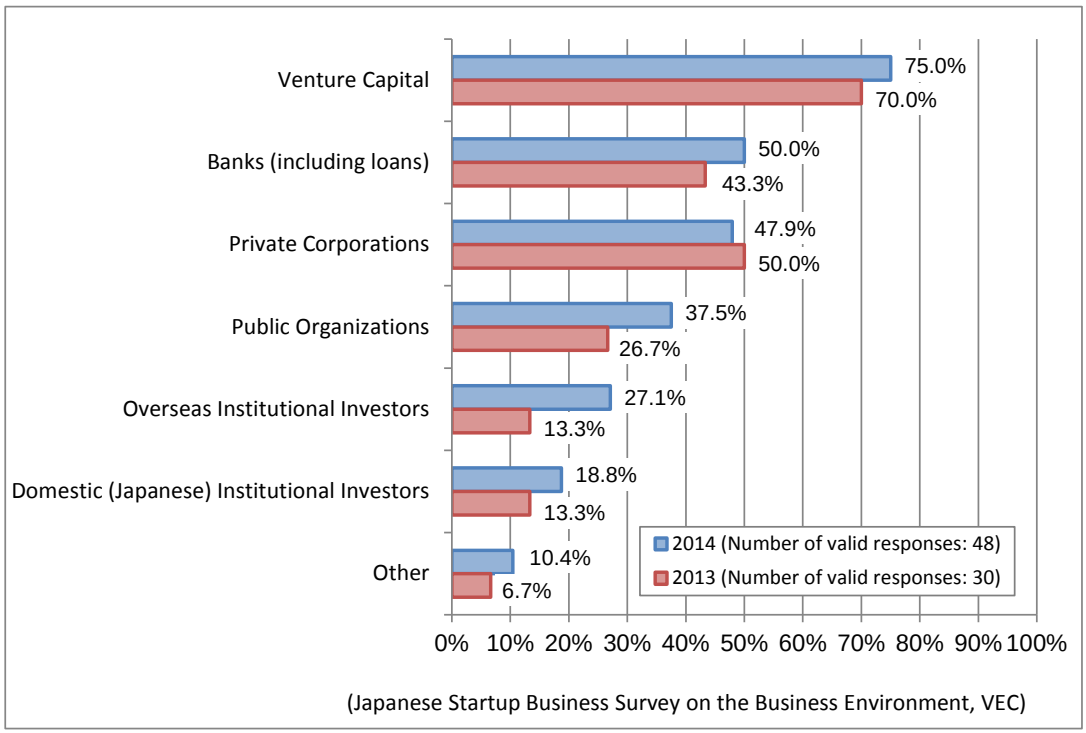
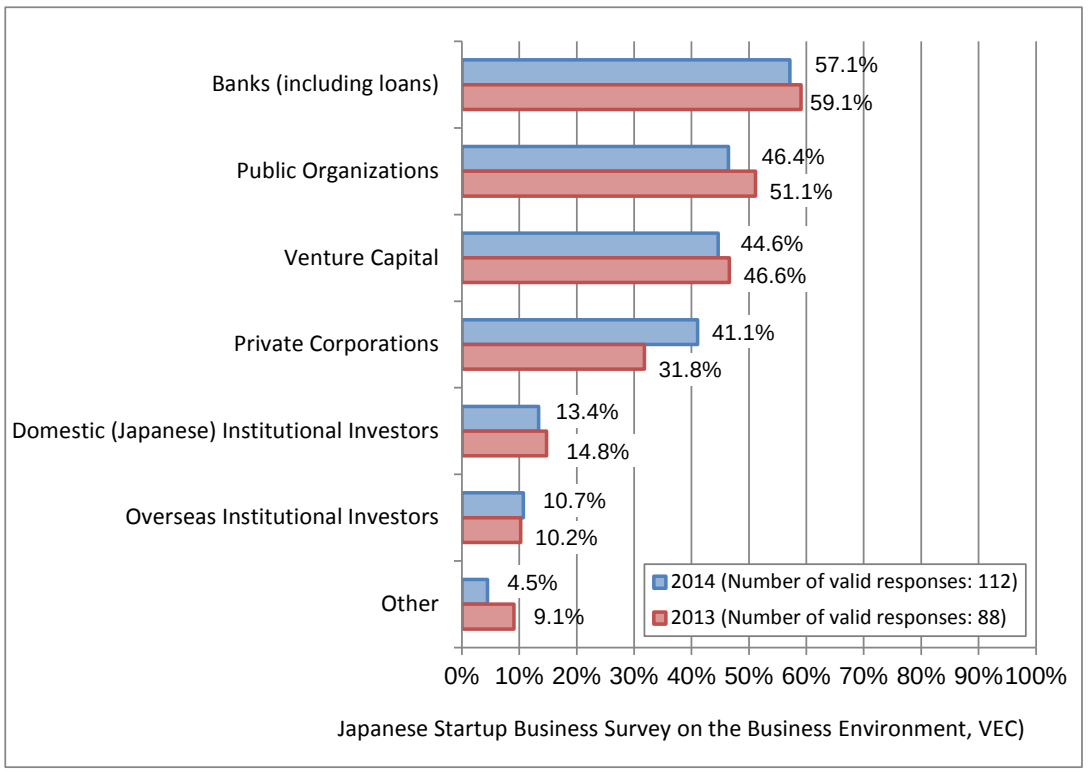


Figure 2-3-16 Forecasted Sources of Future Funds
(Companies without VC investments, multiple responses included)

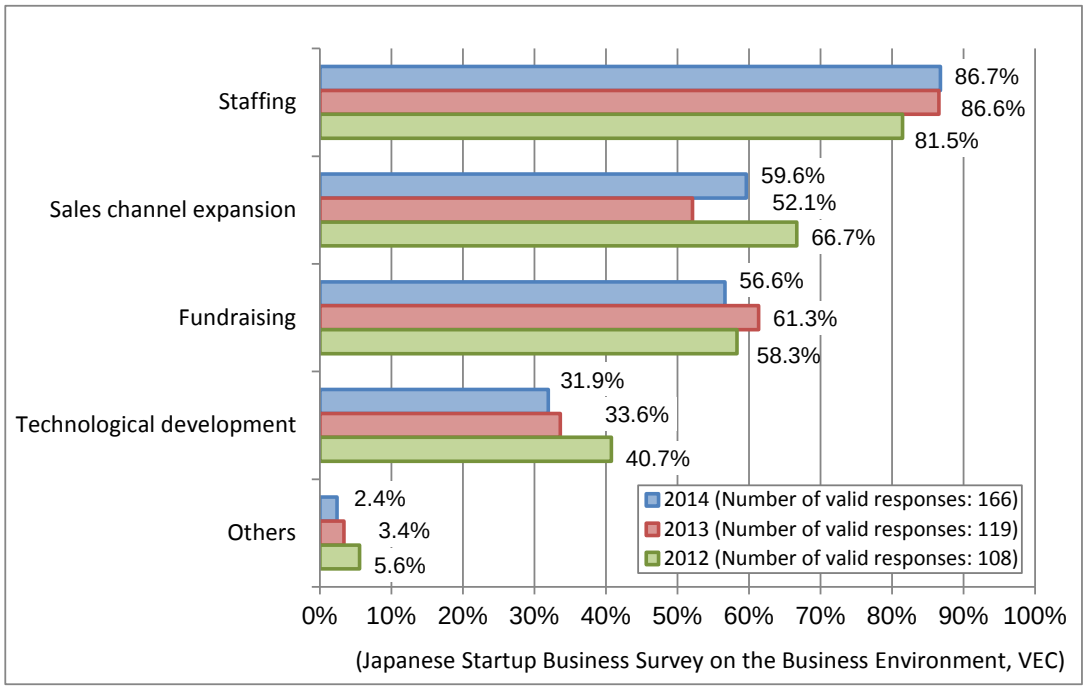


2.4 Needs of Startup Companies

(1) Present Management Needs

When looking at management needs, among all responding companies, staffing ranked first as the most important need, topping 80% for three consecutive years. The next most important needs were expanding sales channels and fundraising at around 60% each. Compared to these three needs, the need for technological development was not so high. These management needs did not show big differences between the groups of companies receiving/without VC investments.

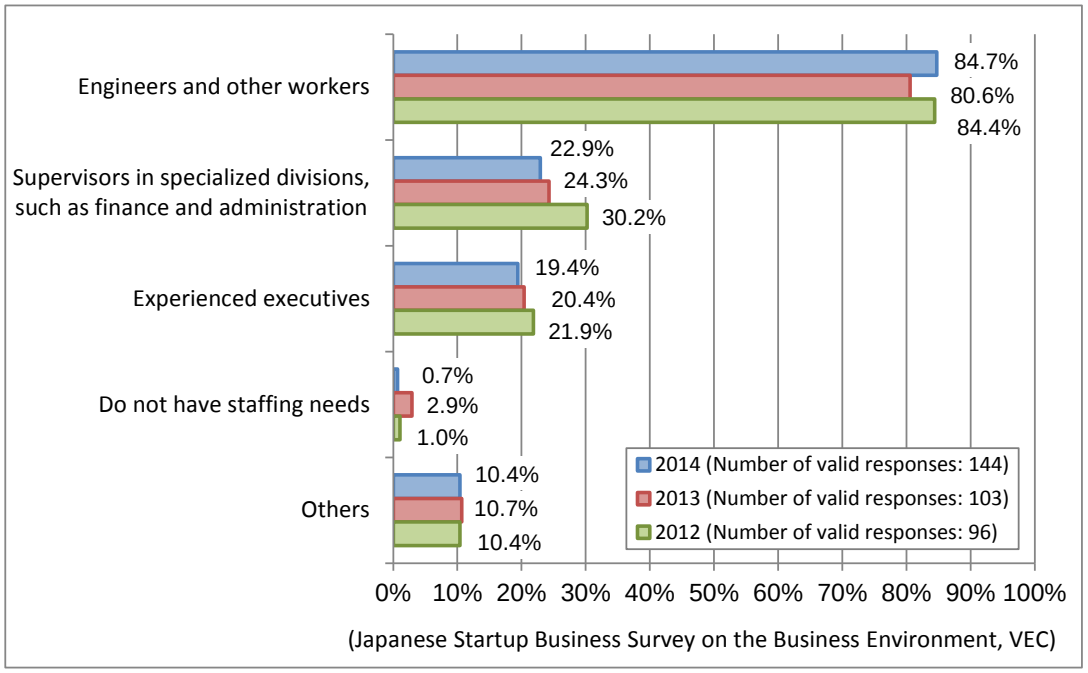
Figure 2-4-1 Management Needs (All responding companies, multiple responses included)



(2) Staffing Needs

When analyzing details of the staffing needs mentioned above, among all responding companies, survey results for the past three consecutive years show that by far the largest need was for manpower such as engineers and other workers.

Figure 2-4-2 Staffing Needs (All responding companies, multiple responses included)



The group of companies without VC investments, showed by far the largest need for staff including engineers and other workers, which is the same result for all responding companies. Around 30% of the group of companies receiving VC investments indicated the need for staff including supervisors and executives, in addition to engineers and other workers, suggesting they are considering strengthening administration and executive management as a step toward growth.

Figure 2-4-3 Staffing Needs
(Companies receiving VC investments, multiple responses included)

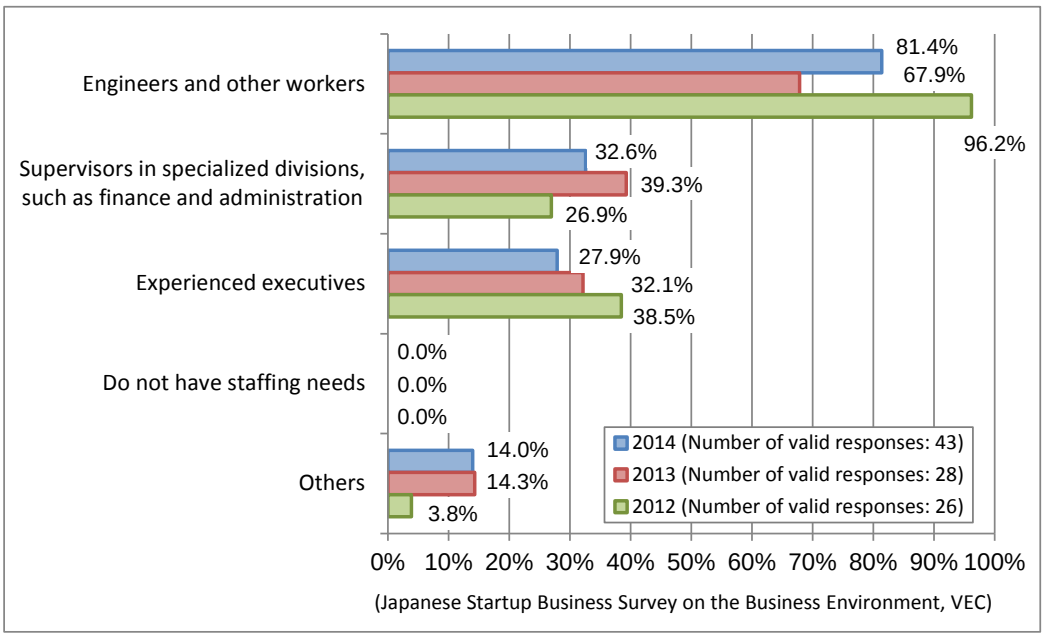
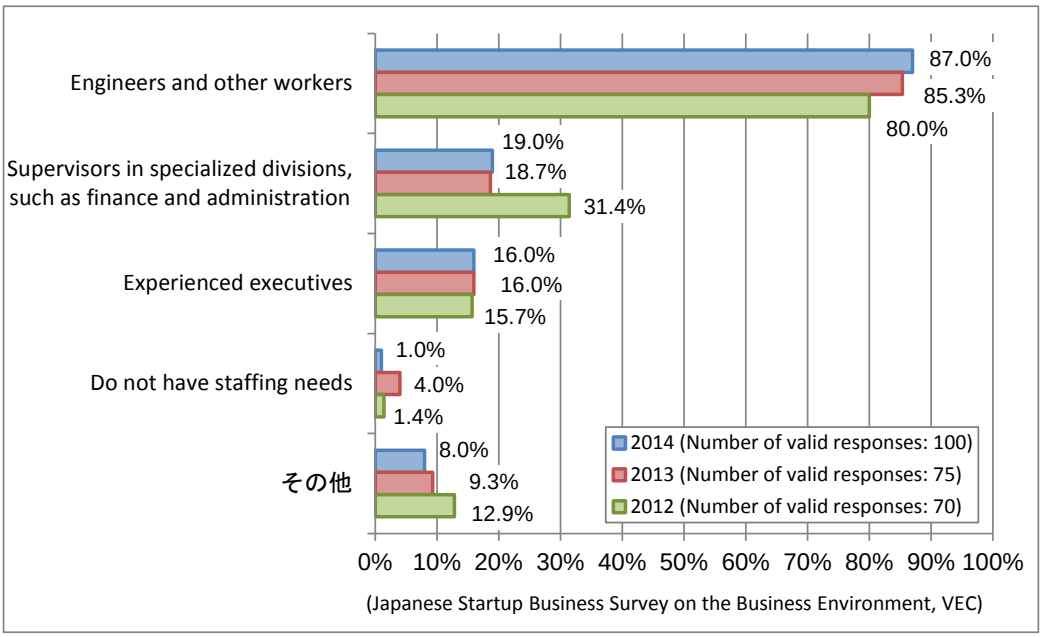


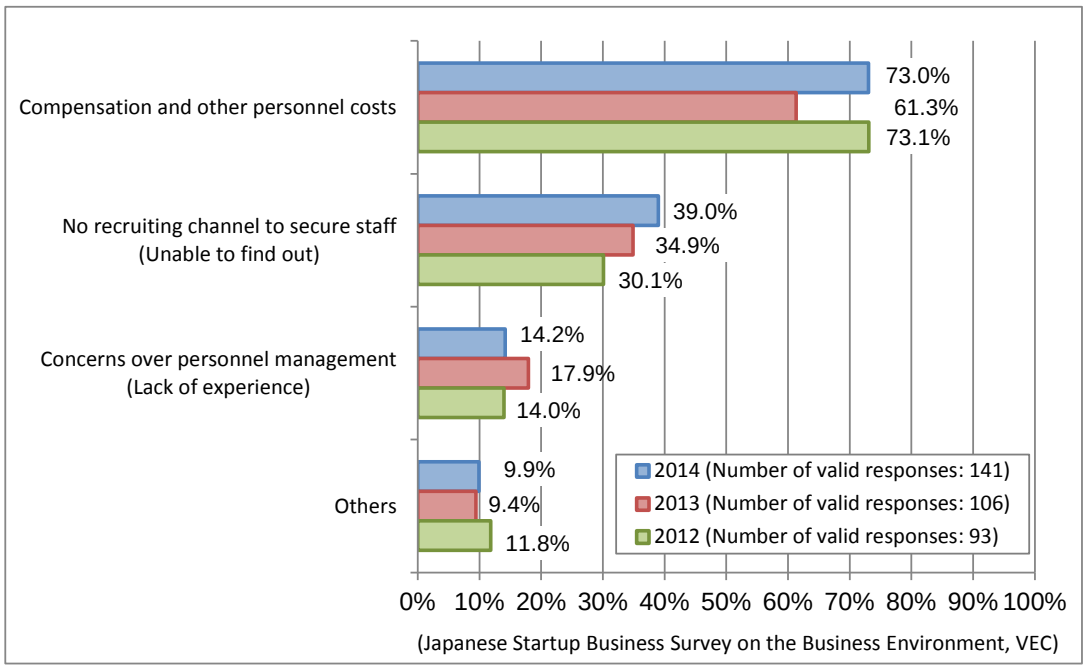
Figure 2-4-4 Staffing Needs
(Companies without VC investments, multiple responses included)



(3) Challenges for Securing Staffing

The most challenging issue for companies facing staffing needs is compensation and other personnel costs, followed by the lack of recruitment channels to secure staff and concerns over personnel management. This trend has remained unchanged over the past three years. In addition, the survey results did not show big differences between the groups of companies receiving/without VC investments.

Figure 2-4-5 Challenges for Securing Staffing
(All responding companies, multiple responses included)



2.5 Requests to the Government and Other Institutions on Policies for Creating and Growing Startup Companies

The survey asked startup companies to provide, in an open text format, their wishes and requests on policies of the government and other institutions. The following is a summary of the results.

(1) Subsidies, Loan Facilities, etc.

Responses show the most common request was for a review of systems including subsidies and loan facilities, and their improvement. While a number of respondents mentioned the need to improve existing systems, such as expanding subsidies and raising credit lines, many also called for more streamlined operational procedures and the more integrated provision of information.

(2) Fundraising

The second biggest requirement was related to fundraising. Survey respondents called for easier fundraising schemes for startup companies at the early stage, including the seed stage, and offers of long-term funding support, in particular, for manufacturing businesses. Some remarked that because of the low appraised value of a startup company at the time of its IPO, VC firms hesitate to risk a large investment considering past cases; therefore, startup companies have very few options for large-scale fundraising.

(3) Taxes

Survey respondents also called for preferential tax treatment and tax reductions. They referred to, for instance, improving the tax treatment on social insurance and taxes on individual income, as well as preferential treatment for corporate tax and tax reductions for a certain period from the establishment of a company.

Other requests were to improve coordination with large companies and clients, management guidance, and support to secure talented employees, etc.

Column 18: Enthusiasm for fundraising in excess of one billion yen

Fundraising exceeding one billion yen is no longer unusual. While more and more startup companies are fundraising energetically, VC firms are also boosting their investment capacities as evidenced from the emergence of large funds. Investments are also inclined to concentrate more on attractive startup companies.

In terms of fundraising by industry, news curation is attracting attention. SmartNews raised ¥3.6 billion, while Gunosy raised ¥1.2 billion yen. Both companies are engaged in heavy TV advertising and promoting the downloading of applications.

Social game development companies are also continuing to raise funds at a brisk pace. gumi and Akatsuki raised ¥5.0 billion and ¥1.4 billion, respectively. The funds are planned to be appropriated for promoting business overseas.

Innovation Network Corporation of Japan (INCJ) has a major presence supplying a huge amount of funds. The organization made direct investments in Sansan of ¥1.46 billion, Microwave Chemical of ¥1.2 billion, and Oh My Glasses of ¥1.08 billion. It also supplied the ¥10.0 billion of capital funding to WiL, which invested in gumi.

Status of Large-scale Fundraising Exceeding ¥1 billion

Company name	Business line	Amount	Major VC firms or organizations
gumi	Social game	¥5 billion	WiL
SmartNews	News curation	¥3.6 billion	Atomico
sansan	Cloud business card management	¥1.46 billion	Innovation Network Corporation of Japan
Akatsuki	Social game	¥1.4 billion	Globis Capital Partners
Gunosy	News curation	¥1.2 billion	JAFCO
Microwave Chemical	Microwave technology	¥1.2 billion	Innovation Network Corporation of Japan
WHILL	Electric wheelchair	US$11 million	Innovation Network Corporation of Japan
Oh My Glasses	Glasses on internet shopping sites	¥1.08 billion	Innovation Network Corporation of Japan
Terra Motors	Electric motorcycle	¥1 billion	Mizuho Capital
Fabric	Frima application, “Fril”	¥1 billion	JAFCO

Column 19: Overseas governments are rushing to attract Japanese startup businesses

Overseas governments are rushing to attract Japanese startup companies. They aim to revitalize regional economies by attracting Japanese startups that have advanced technologies in mobile communication and other fields.

The British Embassy held an event to launch Japan UK Tech Awards in late October 2014. In the UK, startup businesses are growing rapidly in areas centered on Tech City, where IT companies are clustered in the East End district, site of the London Olympics. The event aims to accelerate the growth of startup businesses by selecting promising Japanese startup companies and inviting them to the UK. The Awards select about five companies from among applicants and grant special benefits such as the use of incubation facilities in the UK.

Luxemburg is also expanding its activities. The country's crown prince and princess visited Japan in October and held an event targeting Japanese startup businesses. The country's responsible minister accompanied them and communicated the advantages Luxemburg offers startup companies doing business in Europe. The Luxemburg government has invited Japanese startup companies to IT startups events held in Luxemburg for the last several years, and some of them have established European bases in Luxemburg.

The New Zealand government is also trying to attract Japanese startups. It has appointed a new person in charge and is searching for companies, mainly engaged in IT-related businesses.

The Finnish Embassy has also held orientations and parties, as was the case last year, with the aim of inviting Japanese startups to SLUSH, Europe's largest startup event program, which is held in Finland.

The environment surrounding Japanese startups has been gaining momentum at an unprecedented rate, and developing and growing startup businesses is one of the economic growth strategies of the Abe administration. There are not so many startup companies that can become global players. And, competition among governments for targeted companies may already be underway.

Column 20: Challenge of Finland (SLUSH 2014)

November 18-19, 2014
Venture Enterprise Center, Japan
President Ryuji Ichikawa

Every year, SLUSH, a large event program targeted at startup businesses, is held in Helsinki, Finland in northern Europe. I visited the event this year.

At the convention center located a little north of central Helsinki, 14,000 leaders and investors of young startup companies got together from 79 countries around the world. I was overwhelmed by the enthusiasm of the Finnish, which was hard to believe, because I had had the impression that the Finnish were rather reserved from observations during my stay in the neighboring country of Sweden 25 years ago. Some 7,000 people participated in the SLUSH 2013 last year. Twice the number of participants came to this year's program. It was also the first time the event was held in the large 17,000 m^2 convention center. At a site occupying a space larger than two big halls of Tokyo Big Sight, five main event stages were set up and exciting presentations were rolled out. Aisles in the event hall were crammed with desks set up by startup companies, which were busy with business discussions.

At the opening of the event, the Finnish Prime Minister delivered a speech and emphasized the superiority of Finland saying: "Finland is the front door to the European Union, and is adjacent to the huge Russian market. The Finnish people emphasize higher education. As a result, we are hosting SLUSH." In addition, the country invited the Estonian Prime Minister as a panelist, who spoke about advantages offered by the Finnish people. Estonia is a neighboring country and has the same ancestry as the Finnish, as well as a similar language. The mood of the event changed slightly with the appearance of the Chinese Vice Prime Minister, a guest speaker, who delivered a speech in Chinese with simultaneous translation.

From Japan, Mr. Mikitani, President of Rakuten, Inc. was present and debated with the Finnish and Estonian Prime Ministers during the panel discussion. Mr. Taizo Son, Chairman of GungHo Online Entertainment, Inc. and CEO of MOVIDA JAPAN Inc., took to the stage with the leader of Supercell, a Finnish game development company that SoftBank acquired last year.

What overwhelmed me was the presentation by Nokia Corporation, the local company that failed to ride the wave of smartphones and suffered from the slump in sales of mobile phone devices. The presentation kicked off with the message "Nokia is dead? Nokia is no more?" followed by denials and the introduction of the newly released ⓩLAUNCHER and Nokia N1, 7.9 inch-size tablet, which sells for 249 dollars plus tax. The impressive presentation reminded me of one by Steve Jobs of Apple Inc., and was met with cheers from segments of the patriotic Finnish audience.

I also saw some smart ideas in the event administration: first, a SLUSH reception desk was set up at the airport for participants from outside Finland, so foreign visitors could finish registration there simply by confirming their names, and were provided with a participation card and a wristband. In the main hall, pipe chairs were arranged and chairs at either end of every third row had plug sockets with six plugs for charging smartphones.

SLUSH impressed participants with its scale and enthusiastic mood. Its superior and sophisticated quality marked a great difference from similar events organized by Japan. Given that startup businesses are not always successful, having a broad and solid base is necessary for a successful launch. Strongly sensing that Japan should not lag behind, I left Northern Europe where it was two degrees centigrade to return to my normal routine.

§3. Aiming for Sustainable Growth of Investments in Startups

As presented in Chapter 1, the startup business in FY 2013 and 2014 is summarized as follows:

(1) Thanks to Bank of Japan's drastic monetary easing, there have been vigorous trends such as stock market revitalization, an increasing number of IPOs, and the growing scale of investments in startup businesses.

In addition, as mentioned in Chapter 1, initiatives and measures taken by the government and the public sector, such as SME support, Japan and INCJ, are considered to be contributing to investments in startup businesses.

(2) Our task will be, in essence, to ensure the sustainable growth of investments in startup businesses. An integral part of this challenge lies in the efficient operation of a startup ecosystem including the manufacturing (or *monozukuri*) field, so that investments in startup companies can grow autonomously in the medium-term trend.

To achieve this task, we consider the following to be key points for investments in startups.

One key point is the moves of large Japanese corporations. We have seen significant improvements in governmental measures over the past few years. The government rolled out a number of measures including promotional measures for corporate and individual taxes, investments in venture funds, investments in startup companies, and programs to promote collaboration between large corporations and startups (refer to Chapter 1 : 1-2 and 1-4). With the momentum increased by the government's initiatives, critical roles to sustain investments in startups are in the hands of the private sector. In particular, moves by large corporations, which dominate management resources covering people, equipment, and capital, and initiatives by executive groups responsible for decision-making.

In 2011, Japan New Business Conferences, a private organization, launched "Connect!", a promotional program to bring together large corporations and startup companies, publicizing its activities through events and exchange meetings. Since 2013, the Ministry of Economy, Trade and Industry (METI) has hosted this program with the private organization mentioned above as co-sponsor. Furthermore, in 2014, the Tokyo Innovation Leaders Summit Executive Committee hosted a program to facilitate direct meetings between large corporations and startup companies, with support from METI.

VEC stated before, in its "Annual Report on Japanese Startup Businesses 2012," that investments by large non-financial business corporations in startups are critical in the light of the macro supply and demand balance for funds in Japan.

Consequently, the attention given by senior executives of large corporations to startup companies has grown rapidly in recent years. It would be best if their interest lead to collaborative activities with startups that would help large corporations expand into new business areas and develop existing business fields.

For the sustainable growth of Japanese startup businesses, it is critical to establish a system under which large corporations continue investments in startup companies, with clear views on collaborative activities with startups, M&As, and business spinoffs in their corporate strategies. As a result, startup ecosystems

would be rolled out smoothly in manufacturing (or *monozukuri*).

When looking at Google and other large U.S. corporations' acquisitions of startup companies in Silicon Valley, big companies appear to make decisions on acquisitions after analyzing the integrity of the products and services of their respective business divisions, as well as synergies. The rapid expansion of existing business fields with growth potential is also said to be a reason for acquisitions.

We are seeing some large Japanese corporations proactively investing in startup companies, as well as entering into business alliances with them. The corporate strategies of leaders would be challenged, irrespective of the abundant resources that most of big corporations possess, unless those resources are used effectively for developing new businesses through tie-ups with startup companies.

METI established the Venture Business Creation Council in September 2014 to promote alliances and other activities between large and medium-sized corporations and startup businesses (Refer to page, I-49).

Another critical point for the sustainable growth of startup businesses lies in the awareness and recognition among Japanese people of startup businesses.

Education in a broad sense, including that by the government and mass media, is the effective means that significantly impact the interest and awareness of people in the medium and long term.

In education, startup education programs are gradually spreading among universities nationwide. VEC is also one of the advisory board members of the Network for Promotion of Entrepreneurship Education at Universities and Graduate Schools sponsored by METI.

Providing university students and adults with concrete and practical startup educational programs helps them obtain fundamental knowledge and expertise on entrepreneurship, learn how to draft business plans, and apply lessons in practice where possible. A number of organizations are carrying out various measures designed for adults such as consultations on details on how to set up a company. We strongly hope these moves will expand.

Furthermore, as is already known in Japan, Olin College of Engineering, a college founded 12 years ago in the eastern part of the United States, has a unique educational program. The College took into consideration the tendency of students to drop out because educational programs were oriented towards knowledge of basic mathematics and science. To prevent drop outs, the College developed an educational method in which students start engineering programs directly after entering the school and engage in design and manufacturing (or *monozukuri*). As a result, they are motivated to learn by themselves. Although there may be arguments for and against this educational method, it is imperative to continue to search for a diverse range of teaching methods in university education.

Startup education has been taking place in some junior and senior high schools recently (refer to Chapter 1 : 1-4-(2)2, 1-4(8), 1-6-(3)). There are two fundamental points. One is the importance of acquiring fundamental knowledge, and the other is that it is imperative to learn from history. The former is a self-evident truth, and the Government (i.e. the Cabinet Office and the Council for the Implementation of

Education Rebuilding) also pointed out its importance.

What about the importance of learning from history?

In Japanese history, it is extremely valuable to study details of human history describing the pioneering accomplishments of our predecessors in academic and industrial fields, which were driven by their ambition. We should recognize that the rapid economic and industrial development achieved by the Japanese people since the Meiji era is attributable to the superior intellectual capabilities and a strong will to get things done of world-renown individuals such as Takakazu Seki and Tadataka Ino, as well as the spread of primary education in the Edo era.

Learning from history would give young people confidence as Japanese, and become a source of human energy that would inspire them to grow as pioneers with courage and ambition.

Similarly, studying the history of prominent foreign pioneers is extremely important. Like studying foreign languages, it is an imperative factor for becoming a global player.

II. Data: Survey on Venture Capital Investment Trends in 2014

§1. Survey on Venture Capital Investment Trends

§2. Survey on Venture Capital Fund Status

Preface

We report on our *Survey on Venture Capital Investment Trends* and *Survey on Venture Capital Fund Status* for fiscal year 2013 (April 1, 2013 through March 31, 2014).

The number of venture capital firms that responded to our survey increased from the previous 90 to 101. In the Fund Status survey, the number of funds responded to the survey increased from 600 to 625, and the number of funds for which the internal rate of return was calculated increased from 371 to 374.

We would like to express our deepest gratitude to respondents for providing us with valuable responses. It would be our utmost pleasure if readers of the reports find our survey useful in understanding the status of venture capital investment as well as buyout/turnaround investment in Japan.

Venture Enterprise Center, Japan

List of venture capital firms responded to the survey (101 in total)

List of VC firms	
Advanced Science and Technology Enterprise Corporation	Mizuho Capital Co.,Ltd
Agribusiness Investment & Consultation Co.Ltd.	Mobile Internet Capital Inc.
Ant Capital Partners Co., Ltd.	NAGOYA SMALL AND MEDIUM BUSINESS INVESTMENT&CONSULTATION CO., LTD.
Biofrontier Partners, Inc.	NEOSTELLA CAPITAL CO.,LTD.
Bio-Sight Capital Inc.	New Frontier Partners Co.,Ltd.
CHIBAGIN CAPITAL CO.,LTD.	Nippon Venture Capital Co.,Ltd.
Chushin Venture Capital co,Ltd	NISSAY CAPITAL CO., LTD.
CITIC Capital Partners Japan Ltd	NOMURA RESEARCH & ADVISORY CO., LTD.
CyberAgentventures, Inc.	Oita Venture Capital Co.,Ltd.
Daiwa Corporate Investment Co., Ltd.	ORIX CAPITAL CORPORATION
DBC Capital Co., Ltd.	OSAKA SMALL AND MEDIUM BUSINESS INVESTMENT & CONSULTATION CO., LTD.
DEFTA Capital,Inc.	PE&HR Co., Ltd.
Dentsu Digital Holdings Inc.	Phoenix Capital CO., Ltd.
Energy & Environment Investment, Inc.	Polaris Capital Group Co., Ltd.
Fast Track Initiative, Inc.	RISA Partners, Inc.
Femto Growth Capital LLP	Samurai Incubate Inc.
FFG Business Consulting Co., Ltd.	SANSEI CAPITAL INVESTMENT CO., LTD.
Future Venture Capital Co., Ltd.	Sapporo Hokuyo Leasing Co.,Ltd
GBI Capital Inc.	SBI Holdings, Inc.
Global Brain Corporation	SEIBU Shinkin Capital Corporation
Global Venture Capital Inc.	SHIGAGIN LEASE & CAPITAL CO.LTD
Globis Capital Partners & Co.	Shigin Regional Economic Research Institute Inc.
GREE Ventures, Inc.	Shinkin Capital Co.,Ltd.
GUNGIN LEASING CO.,LTD.	Shizuoka Capital Company Limited
Hachijuni Capital Co.,Ltd.	SK Ventures Co., Ltd.
Hamashin Lease, Co.,Ltd. (former Hamashin Capital Co., LTD.)	SMBC Venture Capital Co., Ltd.
Hibishin Capital Co., Ltd.	Solution Design Co.,Ltd
HIGIN CAPITAL Co.,Ltd.	Strategic Investment Partners Inc.
Hiroshima Innovation Network Inc.	Sumitomo Mitsui Trust Investment Co., Ltd.
Hiroshima Venture Capital Co.,Ltd.	SunBridge Global Ventures Inc.
Hokkaido Venture Capital Inc.	T・Hands On Investment, Inc.
Hokuhoku Capital Co.,Ltd.	TechGate Investment Inc.
Incubate Fund	The Gogin Capital Co.,Ltd.
Innovation Engine, Inc.	The Japan Science and Technology Agency
Innovation Network Corporation of Japan	The Kiyo Lease & Capital Co., Ltd.
INSPiRE Corporation	The Tottori Capital Co., Ltd.
INTEC IT Capital,Inc.	The University of Tokyo Edge Capital Co.,Ltd.
Integral Corporation	TNP On The Road Corporation
ITOCHU Technology Ventures,Inc.	Tohoku Innovation Capital Corporation
JAFCO Co., Ltd.	Tokai Tokyo Investment Co., Ltd.
Japan Asia Investment Co., Ltd.	TOKIO MARINE CAPITAL Co.,Ltd
KLab Ventures,inc.	TOKYO SMALL AND MEDIUM BUSINESS INVESTMENT & CONSULTATION CO., LTD.
KSP,inc.	Venture Labo Co., Ltd. (former Skystar Financial Management Co.,Ltd.)
Kyoritsu Capital Co., Ltd.	VENTURE UNITED Inc.,
Kyushu Venture Partners Co., Ltd.	Watervein Patners
Lead Capital Management Co.,Ltd.	WERU INVESTMENT CO.,LTD.
MBL Venture Capital Co., Ltd.	Whiz Partners Inc.
Mezzanine Corporation	Yasuda Enterprise Development Co., Ltd.
Mitsubishi UFJ Capital Co.,Ltd	YOKOHAMA CAPITAL CO., LTD.
MITSUI SUMITOMO INSURANCE Venture Capital Co.,Ltd.	株式会社東海夢ファンド
Miyagin Venture Capital Co., Ltd.	

§1. Survey on Venture Capital Investment Trends

Table of Contents

How to read the charts in this report (points to note)

The charts contained in this report were created based on the results of our survey, which was conducted to find out trends in venture capital and turnaround/buyout investment activities. The following are some points to note in reading the charts.

- "Principal" indicates a principal investing, i.e. investments by a venture capital firm's own account. "Partnerships" or "Funds" indicate investments through funds.
- For turnaround/buyout investment, the aggregate of investments/loans made by both "Principal" and "Partnerships" are given.
- "PE firms" indicate turnaround/buyout investment firms.
- Unless otherwise stated, "N" below the tables indicates the number of VC/PE firms whose responses are incorporated in the charts.
- The year-on-year percentage of change is calculated based on answers from VC/PE firms that provided data for both the previous and latest business years.
- When a denominator is 0 and the value cannot be calculated, "NA" is given.
- In the results of the survey, VC/PE firms that did not provide a response were counted as zero.
- The "Clean Technology" in the industry classification overlaps with other industry categories.

Classifications for the Analysis

Investment Focus by Stage

In stage analysis, portfolio companies are classified into four stages according to the maturity of the company, and three investment strategies.

The classifications and its definitions are as follows.

1	Seed	Companies undergoing research and product development but has yet to establish a commercial business operation.
2	Early	Companies with product development, and the early stage of marketing, manufacturing and sales promotion.
3	Expansion	Companies that have started production and shipment with its inventory and/or sales growing in size.
4	Later	Companies that have a continuous cash flow and are nearing the stage for IPO.
5	Balanced	Investment strategy of investing with no particular concentration on either of portfolio companies including seed stage, early stage, expansion stage and /or later stage.
6	Buyout	Investment strategy of making leveraged buyout.
7	Recap/ Turnaround	Investment strategy of providing financing at a time of operational or financial difficulty with the intention of improving the company's performance.
8	Not Specified	

Investment Focus by Industry

In industry analysis, portfolio companies are classified into the following 11 categories according to the industry sector of the company.

1	Telecommunications/Networking and Equipment	7	Industrial/Energy/Other
2	Computers and Peripherals/IT services	8	Media/Entertainment/Retailing/Consumer Goods
3	Software	9	Finance/Real Estate/Business Services
4	Semi-conductors/Electrical Machinery & Equipment	10	Clean Technology
5	Biotechnology/Medicine	11	Not Specified
6	Medical Device and Equipment/Healthcare-related		

Investment Focus by Region

In region analysis, portfolio companies are classified into the following 15 categories according to the region where the company is located.

1	Hokkaido	9	Kyushu and Okinawa
2	Tohoku	10	Asia-Pacific
3	Kanto（excl. Tokyo）	11	Europe
4	Tokyo	12	North America
5	Chubu	13	Mainly Domestic
6	Kinki	14	Mainly Overseas
7	Chugoku	15	Not Specified
8	Shikoku		

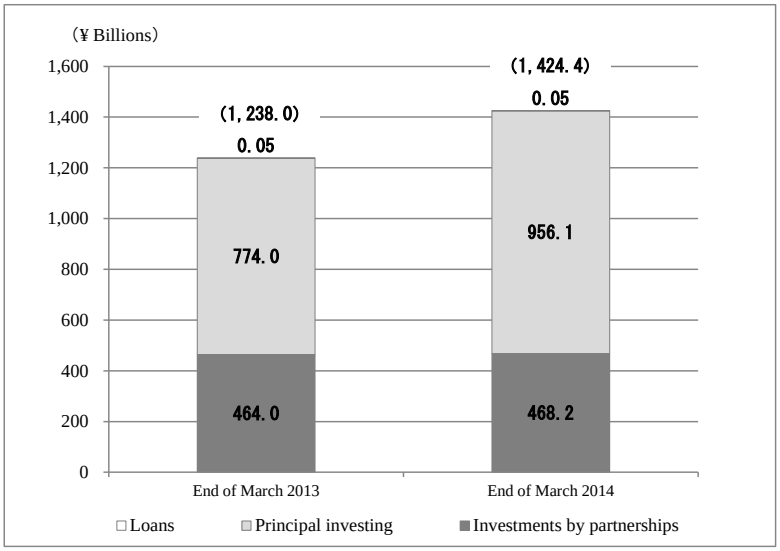
§1-1. Venture Capital Investment

1. Investment/loan Balance

(1) Status of investment/loan balance

Chart 1-1 illustrates the change in the venture capital investment/loan balance over the two most recent fiscal years. The breakdown of investments/loans for the most recent fiscal year is shown in Chart 1-2, and the breakdown of investments/loans in terms of the number of portfolio companies is given in Chart 1-3. The amount of investments (investments and/or loans) and the number of portfolio companies are calculated by simply adding up the figures given in survey answers.

Chart 1-1: Change in VC investment/loan balance



Note 1: Numbers in parentheses indicate the total amount of investments/loans.
Note 2: Numbers above are based solely on the latest survey, and do not include turnaround/buyout investment.

Chart 1-2: Investment/loan balance (as of the end of March 2014)

(Yen millions)

	Principal	y/y % change	Partnerships	y/y % change	Total	y/y % change
Investments	956,131	23.5%	468,237	0.9%	1,424,368	15.0%
Loans	54	0.0%	-	-	54	0.0%
Total	956,185	23.5%	468,237	0.9%	1,424,422	15.0%
N: Number of VC firms responded	N=61	N=57	N=82	N=82	N=88	N=85

Note 1: Numbers above are calculated by simply adding up the figures in answers.
Note 2: Numbers above refer to VC firms that provided investment/loan amount.
Note 3: y/y % change is based on answers from VC firms that provided figures for both 2013 and 2014 (as of the end of March).
Note 4: Investment includes purchases of stocks and bonds (including bonds with share option) as well as investment in a fund managed by a third party.
Note 5: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 1-3: Number of companies for investment/loan balance (as of the end of March 2014)

(Number of companies)

	Principal	y/y % change	Partnerships	y/y % change	Total	y/y % change
Investments	3,798	-4.1%	3,738	-14.8%	7,536	-9.7%
Loans	1	0.0%	-	-	1	0.0%
Total	3,799	-4.1%	3,738	-14.8%	7,537	-9.7%
N: Number of VC firms responded	N=60	N=56	N=84	N=84	N=89	N=86

Note 1: Numbers above are calculated by simply adding up the figures in answers.

Note 2: Numbers above refer to VC firms that provided the number of companies.

Note 3: y/y % change is based on answers from VC firms that provided figures for both 2013 and 2014 (as of the end of March).

Note 4: Investment includes purchases of stocks and bonds (including bonds with share option) as well as investment in a fund managed by a third party.

Note 5: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(2) Investment/loan balance per company

Chart 1-4 “Investment/loan balance per company” refers to VC firms that provided both the amount of investment/loan balance and the number of companies. Per-company figure is calculated by dividing the total amount of balance by the total number of companies.

Chart 1-4: Investment/loan balance per company (as of the end of March 2014)

(Yen millions)

	End of March 2013		End of March 2014		y/y % change	
	Principal	Partnerships	Principal	Partnerships	Principal	Partnerships
Number of portfolio companies	3,949	4,382	3,798	3,733		
Investment balance	773,185	463,955	955,322	468,237		
Investment balance per company	195.8	105.9	251.5	125.4	28.8%	18.5%
Number of loan recipients	1	0.0%	1	0.0%		
Loan balance	54	0.0%	54	0.0%		
Loan balance per company	54	-	54	-	0.0%	-
Total number of companies	3,950	4,382	3,799	3,733		
Total balance	773,240	463,955	955,376	468,237		
Total balance per company	195.8	105.9	251.5	125.4	28.8%	18.5%
N: Number of VC firms responded	N=64	N=83	N=60	N=82	N=56	N=82

Note 1: Numbers above refer to VC firms that provided both the number of companies and the amount of investments/loans.

Note 2: y/y % change is based on answers from VC firms that provided the number of companies and investment/loan amount for both 2013 and 2014 (as of the end of March).

Note 3: Investment includes purchases of stocks and bonds (including bonds with share option) as well as investment in a fund managed by a third party.

Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Investment/loan balance per company (Principal and Partnerships, as of the end of March 2014)

(Yen millions)

	End of March 2013	End of March 2014	y/y % change
Number of portfolio companies	8,333	7,533	
Investment balance	1,237,959	1,424,368	
Investment balance per company	149.0	189.1	26.9%
Number of loan recipients	1	1	
Loan balance	54	54	
Loan balance per company	54	54	0.0%
Total number of companies	8,334	7,534	
Total balance	1,238,013	1,424,422	
Total balance per company	148.5	189.1	27.3%
N: Number of VC firms responded	N=86	N=82	N=82

Note 1: Numbers above refer to VC firms that provided the number of companies and the amount of investments/loans.

Note 2: y/y % change is based on answers from VC firms that provided the number of companies and investment/loan amount for both 2013 and 2014 (as of the end of March).

Note 3: Investment includes purchases of stocks and bonds (including bonds with share option) as well as investment in a fund managed by a third party.

Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(3) Distribution of VC firms by investment/loan balance

The following chart shows the distribution of investment/loan balance for "Principal and Partnerships". Chart 1-5 shows the number of VC firms, the amount of investment/loan balance and the composition ratio for each range of balance. Chart 1-6 compares the share of the top ten VC firms and firms ranking 11th to the 20th to the rest of the VC firms in terms of the investment/loan balance.

Chart 1-5: Distribution of VC firms by investment/loan balance (as of the end of March 2014)

Balance range (Yen billions)	Number of VC firms	Total balance (Yen billions)	Percentage
1 or less	33	13.0	0.9%
over 1 - 5	35	77.9	5.5%
over 5- 10	4	32.7	2.3%
over 10 - 50	10	178.9	12.6%
over 50 - 100	0	0.0	0.0%
over 100	3	1,122.0	78.8%
Total	85	1,424.4	100.0%
N: Number of VC firms responded			N=79

Chart 1-6: Share of the top 10 and the rest of VC firms in terms of investment/loan balance

	Total balance (Yen billions)	Percentage
Top 10	1,262.5	88.6%
Top 11th to 20th	84.3	5.9%
Top 21th and below	77.6	5.4%
N: Number of VC firms responded		N=79

(4) Distribution of investment/loan balance by region

Charts 1-7 to 1-9 illustrate investment/loan balance for "Principal and Partnerships" by region according to the location of the portfolio companies.

Chart 1-7: Investment/loan balance by region
(Principal and Partnerships, as of the end of March 2014)

	Number of companies	Percentage	Amount (Yen millions)	Percentage
Japan total	6,403	91.4%	406,297	58.2%
Hokkaido	92	1.3%	3,886	0.6%
Tohoku	162	2.3%	10,226	1.5%
Kanto (excl. Tokyo)	758	10.8%	33,194	4.8%
Tokyo	2,193	31.3%	149,893	21.5%
Chubu	1,066	15.2%	34,002	4.9%
Kinki	1,180	16.8%	31,957	4.6%
Chugoku	212	3.0%	3,591	0.5%
Shikoku	78	1.1%	2,255	0.3%
Kyushu and Okinawa	311	4.4%	9,143	1.3%
Overseas total	605	8.6%	291,922	41.8%
Asia-Pacific	371	5.3%	212,854	30.5%
Europe	18	0.3%	3,150	0.5%
North America	185	2.6%	70,595	10.1%
Other Regions	24	0.3%	4,666	0.7%
Total	7,266	100.0%	711,758	100.0%
N: Number of VC firms responded		N=80		N=80

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment/loan amount.
Note 2: Percentages of the number of companies and the amount are calculated based on the total of each category.
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 1-8: Year-on-year % change by region for investment/loan balance
(Principal and Partnerships, as of the end of March 2014)

	Number of companies	y/y % change	Amount (Yen millions)	y/y % change
Japan total	6,403	-10.8%	406,297	-4.5%
Hokkaido	92	-29.2%	3,886	-26.9%
Tohoku	162	-2.4%	10,226	32.7%
Kanto (excl. Tokyo)	758	-10.6%	33,194	-11.6%
Tokyo	2,193	-9.4%	149,893	-7.0%
Chubu	1,066	-6.0%	34,002	-2.8%
Kinki	1,180	-5.6%	31,957	-13.3%
Chugoku	212	0.0%	3,591	-2.2%
Shikoku	78	-3.8%	2,255	-18.7%
Kyushu and Okinawa	311	-5.6%	9,143	1.5%
Overseas total	605	-13.1%	291,922	55.8%
Asia-Pacific	371	-8.3%	212,854	79.9%
Europe	18	-21.7%	3,150	-3.5%
North America	185	-20.4%	70,595	17.6%
Other Regions	24	-7.7%	4,666	-0.6%
Total	7,266	-10.2%	711,758	14.1%
N: Number of VC firms responded		N=72		N=73

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment/loan amount.
Note 2: y/y % change is based on answers from VC firms that provided the number of companies and/ or investment/loan amount for both 2013 and 2014 (as of the end of March).
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 1-9: Investment/loan balance per company by region (as of the end of March 2014)

(Yen millions)

	Principal		Partnerships		Total	
		y/y % change		y/y % change		y/y % change
Japan total	35.6	7.1%	97.1	12.2%	63.5	7.1%
Hokkaido	23.8	-2.0%	80.3	39.5%	42.2	3.2%
Tohoku	27.7	-1.0%	118.8	65.5%	63.1	36.0%
Kanto (excl. Tokyo)	33.0	10.8%	55.3	-4.0%	43.9	-1.2%
Tokyo	39.9	2.9%	86.4	4.1%	68.4	2.6%
Chubu	28.0	2.4%	53.0	15.6%	32.7	3.8%
Kinki	34.7	-1.5%	64.8	0.6%	55.3	0.4%
Chugoku	23.3	2.0%	30.6	12.0%	27.8	1.6%
Shikoku	41.7	15.4%	69.6	-0.2%	62.6	-2.0%
Kyushu and Okinawa	17.0	2.4%	57.5	17.1%	46.4	13.8%
Overseas total	1,231.0	298.9%	332.5	28.7%	482.5	79.4%
Asia-Pacific	1,918.7	338.8%	303.9	19.0%	573.7	96.0%
Europe	46.2	100.2%	191.1	14.4%	175.0	23.3%
North America	153.8	24.5%	432.9	49.7%	381.6	47.8%
Other Regions	14.5	0.2%	220.1	23.1%	194.4	7.7%
Total	68.2	58.9%	128.2	18.6%	98.0	27.0%
N: Number of VC firms responded	N=56	N=52	N=75	N=69	N=79	N=72

Note 1: Numbers above refer to VC firms that provided both the number of companies and investment/loan amount.

Note 2: y/y % change is based on answers from VC firms that provided both the number of companies and investment/loan amount for both 2013 and 2014 (as of the end of March).

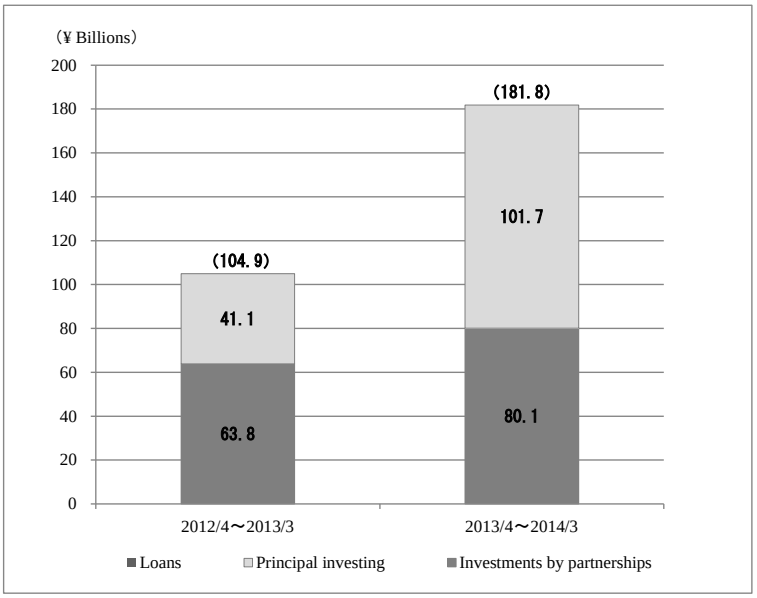
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

2. Investment/loan Amount Made During the Year

(1) Status of investment/loan amount made during the year

Chart 2-1 shows the change in the investment/loan amount made during the two most recent fiscal years. The breakdown of investment/loan amount made during the most recent fiscal year is shown in Chart 2-2, and the breakdown of portfolio companies is shown in Chart 2-3. The amount of investments (investments and/or loans) and the numbers of companies in the charts are calculated by simply adding up the figures given in survey answers.

Chart 2-1: Change in VC investment/loan amount made in FY2013 and FY2014



Note 1: Numbers in parentheses indicate the total amount of investments/loans during the year.
Note 2: Numbers above are based solely on the latest survey, and do not include turnaround/buyout investment.

Chart 2-2: Investment/loan amount made during the year (April 2013 - March 2014)

(Yen millions)

	Principal		Partnerships		Total	
		y/y % change		y/y % change		y/y % change
Common stocks	3,565	46.6%	22,279	-11.5%	25,844	-6.0%
Classified stocks	1,476	55.0%	23,241	77.7%	24,717	76.0%
Bonds	305	133.6%	3,115	-3.2%	3,420	0.3%
Other	482	-29.1%	1,061	41.8%	1,543	9.5%
Total Investments	101,743	146.6%	80,097	19.7%	181,840	69.7%
Loans	0	-	0	-	0	-
Total investments and loans	101,743	146.6%	80,097	19.7%	181,840	69.7%
N: Number of VC firms responded	N=54	N=47	N=71	N=65	N=80	N=73

Note 1: Numbers above are calculated by simply adding up the figures in answers.
Note 2: Numbers above refer to VC firms that provided investment/loan amount.
Note 3: y/y % change refers to VC firms that provided the amounts for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.
Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-3: Number of portfolio companies during the year (April 2013 – March 2014)

(Number of companies)

	Principal		Partnerships		Total	
		y/y % change		y/y % change		y/y % change
Common stocks	92	11.8%	301	-8.9%	393	-4.5%
Classified stocks	44	10.3%	232	81.8%	276	63.5%
Bonds	7	100.0%	52	-15.5%	59	-11.3%
Other	24	11.1%	15	-38.9%	39	-13.9%
Total Investments	280	17.8%	720	8.4%	1,000	11.7%
Loans	0	-	-	-	0	-
Total investments and loans	280	18.7%	720	8.4%	1,000	11.7%
N: Number of VC firms responded	N=55	N=48	N=71	N=65	N=81	N=74

Note 1: Numbers above are calculated by simply adding up the figures in answers.

Note 2: Numbers above refer to VC firms that provided the number of companies.

Note 3: y/y % change refers to VC firms that provided the number of companies for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(2) Investment/loan amount per company during the year

Chart 2-4 "Investment/loan amount per company" refers to VC firms that provided both the investment/loan amount and the number of companies. Per-company figure is calculated by dividing the total amount of investments/loans by the total number of companies.

Chart 2-4: Investment/loan amount per company during the year (April 2012– March 2014)

(Yen millions)

	April 2012 - March 2013		April 2013 - March 2014		y/y % change	
	Principal	Partnerships	Principal	Partnerships	Principal	Partnerships
Number of portfolio companies	229	645	279	720		
Investment amount	41,089	63,831	101,743	80,097		
Per company	179.4	99.0	364.7	111.2	107.7%	10.4%
Number of loan recipients	0	0	0	0		
Loan amount	0	0	0	0		
Per company	-	-	-	-	-	-
Total number of companies	229	645	279	720		
Total investments and loans	41,089	63,831	101,743	80,097		
Per company	179.4	99.0	364.7	111.2	107.7%	10.4%
N: Number of VC firms responded	N=56	N=68	N=52	N=71	N=46	N=65

Note 1: Numbers above refer to VC firms that provided both the number of companies and investment/loan amount.

Note 2: y/y % change is based on answers from VC firms that provided the number of companies and investment/loan amount for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: Investment includes purchases of stocks and bonds (including bonds with share option) as well as investment in a fund managed by a third party.

Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Investment/loan amount per company during the year
(Principal and Partnerships, April 2012 – March 2014)

(Yen millions)

	Principal and Partnerships		
	April 2012 - March 2013	April 2013 - March 2014	y/y % change
Number of portfolio companies	873	999	
Investment amount	104,920	181,840	
Per company	120.2	182.0	51.9%
Number of loan recipients	0	0	
Loan amount	0.0	0.0	
Per company			-
Total number of companies	874	999	
Total investments and loans	104,920	181,840	
Per company	120.0	182.0	51.9%
N: Number of VC firms responded	N=74	N=80	N=73

Note 1: Numbers above refer to VC firms that provided both the number of companies and investment/loan amount.

Note 2: y/y % change is based on answers from VC firms that provided the number of companies and investment/loan amounts for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: Investment includes purchases of stocks and bonds (including bonds with share option) as well as investment in a fund managed by a third party.

Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(3) Distribution of VC firms by investment/loan amount during the year

Shown below is the distribution of VC firms classified by investment/loan amount made by principal and partnerships. Chart 2-5 shows the number of VC firms, the total amount of investment/loan made during the year and the composition ratio for each range of the investment amount. Chart 2-6 compares the share of the top ten VC firms and firms ranking 11th to 20th to that of the rest of the VC firms in terms of investment/loan amount.

Chart 2-5: Distribution of VC firms by investment/loan amount during the year
(April 2013 - March 2014)

Investment/loan amount (Yen billions)	Number of VC firms	Total amount of investment/loan	
		(Yen billions)	Percentage
0	15	0	0.0%
1 or less	44	9.5	5.2%
over 1 - 5	18	38.3	21.1%
over 5 - 10	0	0.0	0.0%
over 10 - 20	1	16.7	9.2%
over 20	2	117.4	64.6%
Total	80	181.8	100.0%
N: Number of VC firms responded			N=80

Chart 2-6: Share of the top 10 and the rest of VC firms
in terms of investment/loan amount made during the year

	Total amount of investment/loan	
	(Yen billions)	Percentage
Top 10	155.3	85.4%
Top 11th to 20th	16.0	8.8%
Top 21th and below	10.5	5.8%
N: Number of VC firms responded		N=81

(4) New investment and Follow-On investment

Charts 2-7 to 2-9 show the simple totaling of investment amount or the number of companies, year-on-year percentage change, and the investment amount per company. These figures are based on the answers from VC firms that provided new and follow-on investment amount or the number of companies.

Chart 2-7: New and Follow-On investment amount (April 2013 – March 2014)

(Yen millions)

	Principal		Partnerships		Total	
		y/y % change		y/y % change		y/y % change
New investments	25,889	59.3%	38,561	14.0%	64,449	28.8%
Follow-On investments	2,824	-5.1%	11,136	24.8%	13,960	19.2%
Total	101,743	146.6%	80,097	19.7%	181,840	69.7%
N: Number of VC firms responded	N=51	N=45	N=67	N=63	N=76	N=71

Note 1: New and Follow-On investment amount are calculated by simply adding up the figure in answers.

Note 2: y/y % change is based on answers from VC firms that provided the amount for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-8: Number of companies for New and Follow-On investments (April 2013 – March 2014)

(Number of companies)

	Principal		Partnerships		Total	
		y/y % change		y/y % change		y/y % change
New investments	202	27.7%	421	9.7%	622	15.3%
Follow-On investments	62	3.4%	179	5.3%	241	3.3%
Total	280	18.7%	720	8.4%	1,000	11.7%
N: Number of VC firms responded	N=51	N=45	N=67	N=63	N=76	N=71

Note 1: Numbers of companies are calculated by simply adding up the figures in answers.

Note 2: y/y % change is based on answers from VC firms that provided the amount for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-9: New and Follow-On investment amount per company (Principal and Partnerships, April 2012 – March 2014)

(Yen millions)

	April 2012 - March 2013		April 2013 - March 2014		y/y % change	
	New	Follow-On	New	Follow-On	New	Follow-On
Number of portfolio companies	534	217	622	241		
Investment amount	49,900	10,308	64,449	13,960		
Per company	93.4	47.5	103.6	57.9	11.7%	16.3%
Number of loan recipients	0	0	0	0		
Loan amount	0	0	0	0		
Per company					-	-
Total number of companies	535	217	622	241		
Total investments and loans	49,900	10,308	64,449	13,960		
Per company	93.3	47.5	103.6	57.9	11.7%	16.3%
N: Number of VC firms responded		N=73		N=76		N=71

Note 1: Numbers above refer to VC firms that provided both the number of companies and the investment/loan amount.

Note 2: y/y % change is based on answers from VC firms that provided the number of companies and investment/loan amount for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: Investment includes purchases of stocks and bonds (including bonds with share option) as well as investment in a fund managed by a third party.

Note4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(5) Distribution of portfolio companies by region

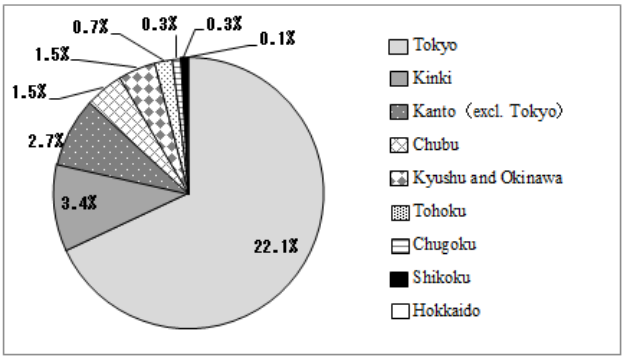
Chart 2-10 illustrates the number of companies and investment/loan amount ("by Principal and Partnerships") categorized by the region according to the location of the companies.

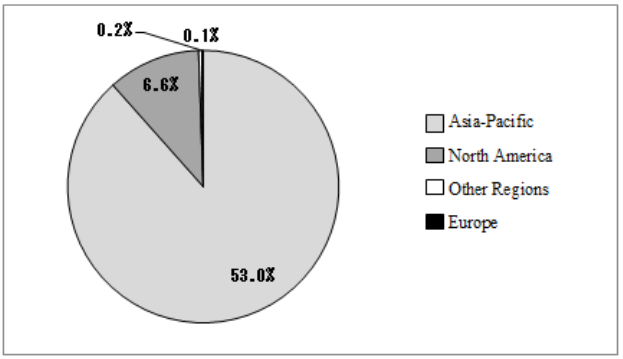
Chart 2-10: Number of companies and investment/loan amount by region
(Principal and Partnerships, April 2013 - March 2014)

	Number of companies	Percentage	Amount (Yen millions)	Percentage
Japan total	746	79.7%	71,802	39.6%
Hokkaido	5	0.5%	99	0.1%
Tohoku	19	2.0%	1,248	0.7%
Kanto (excl. Tokyo)	66	7.1%	4,880	2.7%
Tokyo	319	34.1%	40,034	22.1%
Chubu	61	6.5%	2,713	1.5%
Kinki	108	11.5%	6,160	3.4%
Chugoku	13	1.4%	622	0.3%
Shikoku	8	0.9%	453	0.3%
Kyushu and Okinawa	42	4.5%	2,630	1.5%
Overseas total	190	20.3%	109,343	60.4%
Asia-Pacific	117	12.5%	96,085	53.0%
Europe	2	0.2%	186	0.1%
North America	60	6.4%	12,017	6.6%
Other Regions	6	0.6%	415	0.2%
Total	936	100.0%	181,145	100.0%
N: Number of VC firms responded		N=59		N=66

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment/loan amount.
Note 2: Percentages of the number of companies and the amount are calculated based on the total of each category.
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Distribution of companies by region for investment/loan amount





Note: Numbers above refer to investment/loan companies whose region is known in answers to the survey.

(6) Distribution of portfolio companies by stage

Charts 2-11 to 2-13 show the total figures and the composition ratio for the number of companies and investment amount, and investment amount per company for “New”, “Follow-On” and “New and Follow-On” investments. These figures are based on answers from VC firms that provided the number of companies and/or investment amount (by “Principal and Partnerships”) by stage of portfolio companies.

Chart 2-11: Distribution of portfolio companies of New investments by stage (April 2013 - March 2014)

(Yen millions)

Stage	Number of companies	Percentage	Amount	Percentage	Amount per company
Seed	123	21.1%	13,599	21.3%	110.6
Early	180	30.8%	27,909	43.8%	155.1
Expansion	91	15.6%	12,970	20.3%	142.5
Later	190	32.5%	9,296	14.6%	48.9
Total	584	100.0%	63,774	100.0%	–
N: Number of VC firms responded	N=66		N=66		N=66

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment amount.
Note 2: "Amount per company" refers to VC firms that provided both the number of companies and investment amount by stage.
Note 3: Percentages of the number of companies and the amount are calculated based on the total sum of each stage.
Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-12: Distribution of portfolio companies of Follow-On investments by stage (April 2013 - March 2014)

(Yen millions)

Stage	Number of companies	Percentage	Amount	Percentage	Amount per company
Seed	23	11.0%	1,291	9.8%	56.1
Early	83	39.7%	6,796	51.7%	81.9
Expansion	49	23.4%	3,046	23.2%	62.2
Later	54	25.8%	2,018	15.3%	37.4
Total	212	100.0%	13,416	100.0%	–
N: Number of VC firms responded	N=58		N=58		N=58

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment amount.
Note 2: "Amount per company" refers to VC firms that provided both the number of companies and investment amount by stage.
Note 3: Percentages of numbers of companies and amounts are calculated based on the total sum of each stage.
Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-13: Distribution of portfolio companies of New and Follow-On investments by stage (April 2013 - March 2014)

(Yen millions)

Stage	Number of companies	Percentage	Amount	Percentage	Amount per company
Seed	146	18.4%	14,889	19.4%	102.0
Early	263	33.2%	34,706	45.1%	132.0
Expansion	140	17.7%	16,016	20.8%	114.4
Later	244	30.8%	11,314	14.7%	46.4
Total	796	100.0%	77,190	100.0%	–
N: Number of VC firms responded	N=69		N=69		N=69

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment amount.
Note 2: "Amount per company" refers to VC firms that provided both the number of companies and investment amount by stage.
Note 3: Percentages of the number of companies and the amount are calculated based on the total sum of each stage.
Note 4: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(7) Distribution of portfolio companies by industry

Charts 2-14 to 2-16 show the total figures and the composition ratio of the number of companies and investment amount, and investment amount per company for "New," "Follow-On" and "New and Follow-On" investment. These figures are based on answers from VC firms that provided the number of companies and/or investment amount (by "Principal and Partnerships") by industry.

Chart 2-14: Distribution of portfolio companies of New investment by industry (April 2013 - March 2014)

(Yen millions)

	Number of companies	Percentage	Amount	Percentage	Amount per company
IT-related	285	48.8%	32,428	50.8%	113.8
Telecommunications/Networking and Equipment	31	5.3%	2,547	4.0%	82.2
Computers and Peripherals/IT services	188	32.2%	19,099	29.9%	101.6
Software	37	6.3%	6,822	10.7%	184.4
Semi-conductors/Electrical Machinery & Equipment	29	5.0%	3,960	6.2%	136.6
Biotechnology, Medical and Healthcare	53	9.1%	12,587	19.7%	237.5
Biotechnology/Medicine	36	6.2%	7,256	11.4%	201.6
Medical Device and Equipment/Healthcare-related	17	2.9%	5,331	8.4%	313.6
Industrial/Energy/Other	147	25.2%	9,044	14.2%	61.5
Products and Services	99	17.0%	9,714	15.2%	98.1
Media/Entertainment/Retailing/Consumer Goods	59	10.1%	5,432	8.5%	92.1
Finance/Real Estate/Business Services	40	6.8%	4,282	6.7%	107.1
Clean Technology (Among the above)	25	4.3%	2,545	4.0%	101.8
Total	584	100.0%	63,774	100.0%	-
N: Number of VC firms responded	N=65		N=65		N=65

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment amount.
Note 2: "Amount per company" refers to VC firms that provided both the number of companies and investment amount by industry.
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-15: Distribution of portfolio companies of Follow-On investment by industry (April 2013 - March 2014)

(Yen millions)

	Number of companies	Percentage	Amount	Percentage	Amount per company
IT-related	112	52.8%	5,765	43.0%	51.5
Telecommunications/Networking and Equipment	18	8.5%	424	3.2%	23.6
Computers and Peripherals/IT services	64	30.2%	3,109	23.2%	48.6
Software	17	8.0%	1,055	7.9%	62.1
Semi-conductors/Electrical Machinery & Equipment	13	6.1%	1,176	8.8%	90.5
Biotechnology, Medical and Healthcare	30	14.2%	3,255	24.3%	108.5
Biotechnology/Medicine	22	10.4%	2,499	18.6%	113.6
Medical Device and Equipment/Healthcare-related	8	3.8%	756	5.6%	94.5
Industrial/Energy/Other	37	17.5%	2,663	19.8%	72.0
Products and Services	33	15.6%	1,734	12.9%	52.5
Media/Entertainment/Retailing/Consumer Goods	19	9.0%	1,179	8.8%	62.0
Finance/Real Estate/Business Services	14	6.6%	555	4.1%	39.6
Clean Technology (Among the above)	4	1.9%	331	2.5%	82.8
Total	212	100.0%	13,416	100.0%	-
N: Number of VC firms responded	N=59		N=59		N=59

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment amount.

Note 2: "Amount per company" refers to VC firms that provided both the number of companies and investment amount by industry.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-16: Distribution of portfolio companies of New and Follow-On investments by industry (April 2013 - March 2014)

(Yen millions)

	Number of companies	Percentage	Amount	Percentage	Amount per company
IT-related	397	49.9%	38,194	49.5%	96.2
Telecommunications/Networking and Equipment	49	6.2%	2,971	3.8%	60.6
Computers and Peripherals/IT services	252	31.7%	22,208	28.8%	88.1
Software	54	6.8%	7,878	10.2%	145.9
Semi-conductors/Electrical Machinery & Equipment	42	5.3%	5,136	6.7%	122.3
Biotechnology, Medical and Healthcare	83	10.4%	15,842	20.5%	190.9
Biotechnology/Medicine	58	7.3%	9,755	12.6%	168.2
Medical Device and Equipment/Healthcare-related	25	3.1%	6,087	7.9%	243.5
Industrial/Energy/Other	184	23.1%	11,706	15.2%	63.6
Products and Services	132	16.6%	11,448	14.8%	86.7
Media/Entertainment/Retailing/Consumer Goods	78	9.8%	6,611	8.6%	84.8
Finance/Real Estate/Business Services	54	6.8%	4,837	6.3%	89.6
Clean Technology (Among the above)	29	3.6%	2,876	3.7%	99.2
Total	796	100.0%	77,190	100.0%	-
N: Number of VC firms responded	N=70		N=70		N=70

Note 1: Numbers above refer to VC firms that provided the number of companies and/or investment amount.

Note 2: "Amount per company" refers to VC firms that provided both the number of companies and investment amount by industry.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

3. Overview of Investment Partnership

(1) Overall status of funds

Chart 3-1 shows the status of funds set up by VC firms. Chart 3-2 shows the distribution of VC firms concerning the most recent number of funds and the total amount of money invested in such funds. Chart 3-3 shows the number of funds set up or matured during the year as well as the number of limited partners and the total amount of capital commitments to those funds.

Chart 3-1: Status of funds

	End of March 2013	End of March 2014	y/y % change
Number of funds	404	382	-3.5%
Total number of limited partners	2,596	2,422	-6.1%
Capital commitments to funds (Yen billions)	1,695.1	1,728.1	2.3%
Average number of limited partners	9.6	9.4	-4.3%
Average capital commitments (Yen billions)	4.2	4.5	6.0%
N: Number of VC firms responded			
(Average number of limited partners)	N=73	N=70	N=70
(Average capital commitments)	N=80	N=76	N=76

Note 1: Average figures are calculated based on answers from VC firms that provided both the number of funds and the number of limited partners, or both the number of funds and the amount of capital commitments.

Note 2: y/y % change is based on answers from VC firms that provided the number of companies and investment/loan amount for both 2013 and 2014 (as the end of March).

Note 3: Capital commitments are based on the amounts committed to funds (In the absence of capital commitments, based on the amount actually paid into funds).

Chart 3-2: Distribution of VC firms by the number of funds/amount of capital commitments (as of the end of March 2014)

Number of funds	Number of VC firms
5 or less	59
6 - 10	10
11 - 20	5
21 - 30	0
Over 30	2
Total	76

Capital commitments to funds (Yen billions)	Number of VC firms
10 or less	51
over 10 - 50	18
over 50 - 100	5
over 100 - 200	0
over 200	2
Total	76

Chart 3-3: The number of limited partners and amount of capital commitments per fund for funds established and matured during the year (April 2013 – March 2014)

	Established	Matured
Number of funds	35	40
Total number of limited partners	140	329
Capital commitments to funds (Yen billions)	92.1	78.2
Average number of limited partners	5.0	10.0
Average capital commitments (Yen billions)	2.6	2.0
N: Number of VC firms responded		
(Average number of limited partners)	N=46	N=45
(Average capital commitments)	N=48	N=48

Note 1: "N" refers to VC firms that own at least one fund as of the end of March 2014, and that have answered concerning funds established or matured during the period.

Note 2: Average figures are calculated based on answers from VC firms that provided both the number of funds and the number of limited partners, or both the number of funds and the amount of capital commitments.

Note 3: Capital commitments are based on the amounts committed to funds (In the absence of capital commitments, based on the amount actually paid into funds).

(2) Breakdown of investor type

Chart 3-4 shows the breakdown of investors to the funds newly established between April 2013 and March 2014.

Chart 3-4: Breakdown of investors (April 2013 – March 2014)

(Yen millions)

Type of investors	Number of investers	Percentage	Amount	Percentage	Per investor
I. GP/Managing partners	27	25.7%	9,141	14.7%	351.6
II. Domestic total	78	74.3%	53,205	85.3%	700.1
Family/Individual relatives	7	6.7%	219	0.4%	36.5
Other VC/Fund of funds	1	1.0%	173	0.3%	173.0
Corporations	30	28.6%	18,106	29.0%	603.5
Bank/Trust and credit unions	25	23.8%	19,155	30.7%	798.1
Insurance companies	3	2.9%	540	0.9%	180.0
Brokerage firms	1	1.0%	10	0.0%	10.0
Pension funds	0	0.0%	0	0.0%	NA
Government/Local public bodies (non-pension)	8	7.6%	13,202	21.2%	1,650.3
Academic/University endowment	0	0.0%	0	0.0%	NA
Other domestic	3	2.9%	1,800	2.9%	600.0
III. Overseas total	0	0.0%	0	0.0%	NA
Total (I+II+III)	105	100.0%	62,346	100.0%	611.2
N: Number of VC firms responded	N=18		N=17		N=17

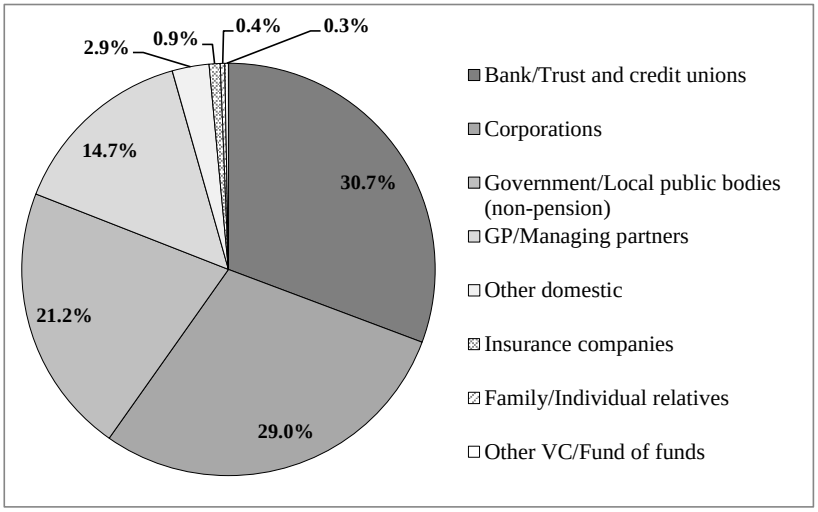
Note 1: Numbers above refer to VC firms that provided the number of investors or investment amount (excluding VC firms that replied there was no investment from any type of investor).

Note 2: Per-investor figures refer to VC firms that provided both the number of investors and the amount.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Note 4: Capital commitments are based on the amounts committed to funds (In the absence of committed amounts, based on the amount actually paid into funds).

Chart 3-5: Breakdown of investors in terms of the amount invested



4. Exit (Cashing out an investment) Status

Chart 4-1 shows the number of companies by exit route in the last five years. Chart 4-2 shows the percentage breakdown of exit route. The figures used in Charts 4-1 and 4-2 are based on simply adding up the figures in survey answers. “Stock sales” includes cases that a company is “sold to a secondary fund” and “sold to a third party”.

Chart 4-1: Number of companies by exit route in the last five years

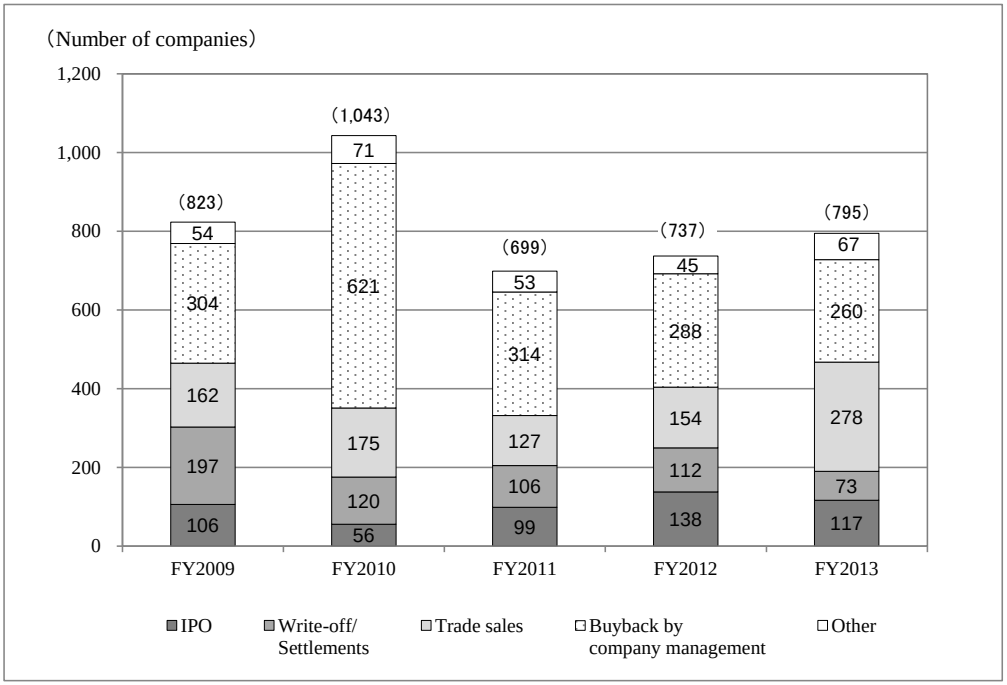
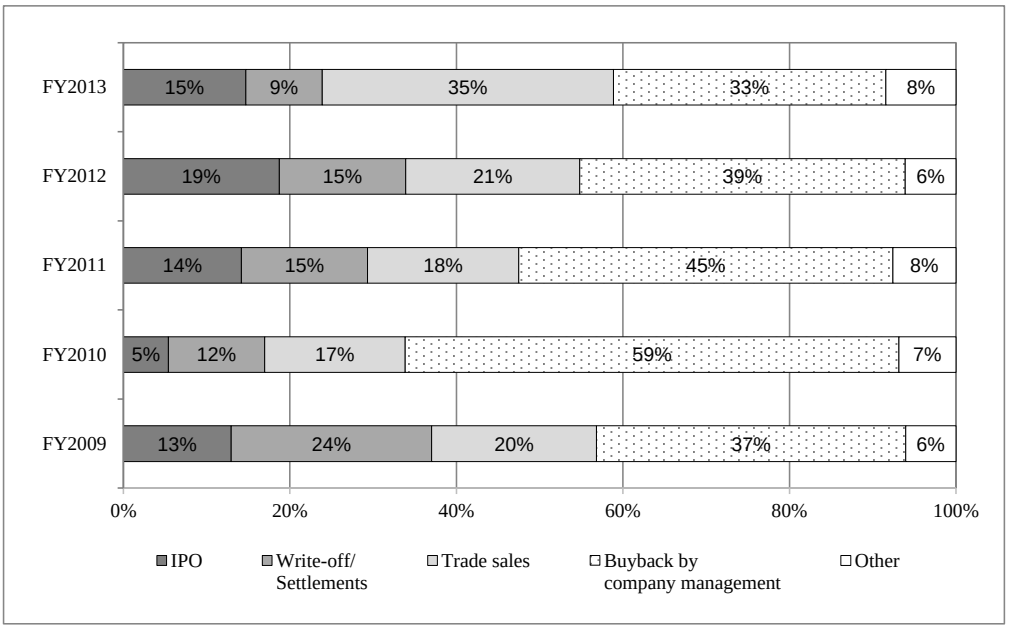


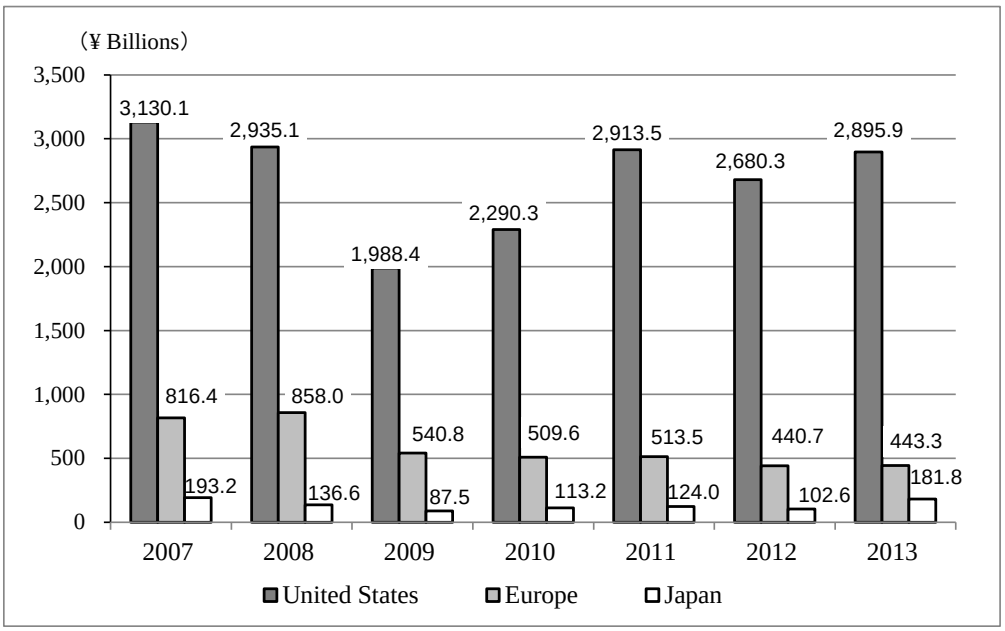
Chart 4-2: Percentage breakdown of companies by exit route in the last five years



5. Comparison of venture capital investment trends between US, EU and Japan

Chart 5-1 compares the yearly investment amount by VC firms between Japan, EU and US.

Chart 5-1: The change in VC investments, US vs. Europe vs. Japan



Sources

United states: NVCA YEAR BOOK 2014（converted at the rate of 1US$=98yen, annual average rates of exchange 2013）

Europe: EVCA 2013 European Private Equity Activity（converted at the rate of 1euro=130yen, annual average rates of exchange 2013）

Japan: VEC, Survey on Trends in Venture Capital Investment, each year

Note 1: US and EU use a calendar year. Japan uses a fiscal year (from April 1 to March 31).

Note 2: Above charts comprise only of VC investment, and do not include turnaround/buyout investment.

Note 3: The figures for US represent only domestic investment, while those for EU and Japan include overseas investment.

6. Results of the Survey

Chart 6-1: Investment/loan balance of VC firms

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Investments	3,949	774,003	3,798	956,131
Loans	1	54	1	54
Total	3,950	774,058	3,799	956,185
N: Number of VC firms responded			N=60	N=61

Chart 6-2: Investment balance of Partnerships

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Investments	4,388	463,955	3,738	468,237
N: Number of VC firms responded			N=84	N=82

Chart 6-3: Investment/loan balance of VC firms and Partnerships

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Investments	8,337	1,237,959	7,536	1,424,368
Loans	1	54	1	54
Total	8,338	1,238,013	7,537	1,424,422
N: Number of VC firms responded			N=89	N=88

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-4: Investment/loan balance by region: VC firms

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Japan total	**3,652**	**120,980**	**3,508**	**125,524**
Hokkaido	65	1,581	62	1,479
Tohoku	95	2,683	99	2,742
Kanto (excl. Tokyo)	397	11,917	387	12,776
Tokyo	896	34,498	851	33,941
Chubu	842	23,917	902	25,312
Kinki	792	7,578	783	6,351
Chugoku	139	1,394	132	1,142
Shikoku	46	289	51	375
Kyushu and Okinawa	164	948	166	920
Overseas total	**127**	**42,458**	**101**	**124,327**
Asia-Pacific	84	37,095	62	118,962
Europe	4	92	2	92
North America	36	5,228	34	5,229
Other Regions	3	43	3	43
Total	**3,748**	**164,729**	**3,670**	**251,127**
N: Number of VC firms responded			N=56	N=57

Chart 6-5: Investment/loan balance by region: Partnerships

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Japan total	**3,332**	**295,656**	**2,895**	**280,773**
Hokkaido	65	3,739	30	2,408
Tohoku	70	5,025	63	7,484
Kanto (excl. Tokyo)	444	25,544	371	20,419
Tokyo	1,512	126,044	1,342	115,952
Chubu	201	9,757	164	8,690
Kinki	448	29,126	397	25,606
Chugoku	73	2,280	80	2,449
Shikoku	33	2,463	27	1,880
Kyushu and Okinawa	158	7,726	145	8,224
Overseas total	**558**	**144,674**	**504**	**167,595**
Asia-Pacific	317	81,065	309	93,892
Europe	19	3,174	16	3,058
North America	189	54,656	151	65,366
Other Regions	23	4,650	21	4,623
Total	**4,076**	**451,718**	**3,596**	**460,631**
N: Number of VC firms responded			N=76	N=75

Chart 6-6: Investment/loan balance by region: VC firms and Partnerships

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Japan total	**6,984**	**416,636**	**6,403**	**406,297**
Hokkaido	130	5,320	92	3,886
Tohoku	165	7,708	162	10,226
Kanto (excl. Tokyo)	841	37,461	758	33,194
Tokyo	2,408	160,542	2,193	149,893
Chubu	1,043	33,674	1,066	34,002
Kinki	1,240	36,704	1,180	31,957
Chugoku	212	3,674	212	3,591
Shikoku	79	2,752	78	2,255
Kyushu and Okinawa	322	8,674	311	9,143
Overseas total	**685**	**187,132**	**605**	**291,922**
Asia-Pacific	401	118,160	371	212,854
Europe	23	3,266	18	3,150
North America	225	59,884	185	70,595
Other Regions	26	4,694	24	4,666
Total	**7,824**	**616,447**	**7,266**	**711,758**
N: Number of VC firms responded			N=80	N=80

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-7: Breakdown of investments/loans made during the year: VC firms

	April 2012 - March 2013					
	New investments/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	56	1,903	27	373	80	2,276
Ⅱ Classified stocks	36	895	4	47	40	942
Ⅲ Bonds	4	173	1	1	5	174
Ⅳ Other	1	50	18	517	18	567
Total Investments (I+II+III+IV)	151	16,056	64	1,894	229	41,089
Total Loans	0	0	0	0	0	0
Total (Investments + Loans)	151	16,056	64	1,894	229	41,089
N: Number of VC firms responded					N=58	N=58

	April 2013 - March 2014					
	New investments/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	70	1,971	22	1,594	92	3,565
Ⅱ Classified stocks	38	1,398	6	78	44	1,476
Ⅲ Bonds	5	279	2	26	7	305
Ⅳ Other	6	190	18	292	24	482
Total Investments (I+II+III+IV)	202	25,889	62	2,824	280	101,743
Total Loans	0	0	0	0	0	0
Total (Investments + Loans)	202	25,889	62	2,824	280	101,743
N: Number of VC firms responded					N=55	N=54

Chart 6-8: Breakdown of investments/loans made during the year: Partnerships

	April 2012 - March 2013					
	New investments/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	244	21,311	82	3,812	325	25,086
Ⅱ Classified stocks	90	10,692	37	2,379	127	13,071
Ⅲ Bonds	42	1,679	23	1,715	64	3,373
Ⅳ Other	7	196	12	545	18	681
Total Investments (I+II+III+IV)	384	33,844	153	8,414	645	63,831
N: Number of VC firms responded					N=69	N=68

	April 2013 - March 2014					
	New investments/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	222	17,682	79	4,597	301	22,279
Ⅱ Classified stocks	160	18,254	72	4,987	232	23,241
Ⅲ Bonds	31	2,045	21	1,070	52	3,115
Ⅳ Other	8	579	7	482	15	1,061
Total Investments (I+II+III+IV)	421	38,561	179	11,136	720	80,097
N: Number of VC firms responded					N=71	N=71

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-9: Breakdown of investments/loans made during the year: VC firms and Partnerships

	April 2012 - March 2013					
	New investments/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	300	23,213	109	4,185	404	27,361
Ⅱ Classified stocks	126	11,587	41	2,426	167	14,013
Ⅲ Bonds	46	1,852	24	1,716	69	3,546
Ⅳ Other	8	246	30	1,062	36	1,248
Total Investments (I+II+III+IV)	535	49,900	217	10,308	874	104,920
Total Loans	0	0	0	0	0	0
Total (Investments + loans)	535	49,900	217	10,308	874	104,920
N: Number of VC firms responded					N=76	N=75

	April 2013 - March 2014					
	New investments/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	292	19,653	101	6,191	393	25,844
Ⅱ Classified stocks	198	19,651	78	5,065	276	24,717
Ⅲ Bonds	36	2,324	23	1,096	59	3,420
Ⅳ Other	14	769	25	774	39	1,543
Total Investments (I+II+III+IV)	623	64,449	241	13,960	1,000	181,840
Total Loans	0	0	0	0	0	0
Total (Investments + loans)	623	64,449	241	13,960	1,000	181,840
N: Number of VC firms responded					N=81	N=80

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-10: New and Follow-On investments by region: VC firms

	New investment		Follow-On investment		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Japan total	**187**	**23,834**	**44**	**2,532**	**243**	**26,822**
Hokkaido	4	89	0	0	4	89
Tohoku	9	803	2	28	11	831
Kanto（excl. Tokyo）	22	1,906	7	1,234	29	3,140
Tokyo	42	17,464	10	334	52	17,798
Chubu	37	812	11	109	48	921
Kinki	45	2,006	11	797	56	2,803
Chugoku	7	216	0	0	7	216
Shikoku	5	165	0	0	5	165
Kyushu and Okinawa	16	374	3	30	19	404
Overseas total	**10**	**1,943**	**0**	**0**	**14**	**74,516**
Asia-Pacific	2	142	0	0	6	72,715
Europe	0	0	0	0	0	0
North America	8	1,801	0	0	8	1,801
Other Regions	0	0	0	0	0	0
Total	**197**	**25,777**	**44**	**2,532**	**257**	**101,338**
N: Number of VC firms responded		N=42		N=34		N=49

Chart 6-11: New and Follow-On investments by region: Partnerships

	New investment		Follow-On investment		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Japan total	**304**	**27,094**	**113**	**6,594**	**503**	**44,980**
Hokkaido	1	10	0	0	1	10
Tohoku	8	417	0	0	8	417
Kanto（excl. Tokyo）	22	865	15	875	37	1,740
Tokyo	194	18,286	73	3,950	267	22,236
Chubu	10	1,752	3	40	13	1,792
Kinki	43	2,894	9	463	52	3,357
Chugoku	5	401	1	5	6	406
Shikoku	1	50	2	238	3	288
Kyushu and Okinawa	19	1,802	4	424	23	2,226
Overseas total	**81**	**10,710**	**60**	**4,615**	**176**	**34,827**
Asia-Pacific	63	5,936	23	1,637	111	23,370
Europe	1	144	1	43	2	186
North America	18	5,052	30	2,263	52	10,216
Other Regions	0	0	1	33	6	415
Total	**385**	**37,804**	**173**	**11,209**	**679**	**79,807**
N: Number of VC firms responded		N=51		N=54		N=60

Chart 6-12: New and Follow-On investments by region: VC firms and Partnerships

	New investment		Follow-On investment		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Japan total	**491**	**50,928**	**157**	**9,126**	**746**	**71,802**
Hokkaido	5	99	0	0	5	99
Tohoku	17	1,220	2	28	19	1,248
Kanto（excl. Tokyo）	44	2,770	22	2,109	66	4,880
Tokyo	236	35,749	83	4,284	319	40,034
Chubu	47	2,564	14	149	61	2,713
Kinki	88	4,900	20	1,260	108	6,160
Chugoku	12	617	1	5	13	622
Shikoku	6	215	2	238	8	453
Kyushu and Okinawa	35	2,176	7	454	42	2,630
Overseas total	**91**	**12,653**	**60**	**4,615**	**190**	**109,343**
Asia-Pacific	65	6,078	23	1,637	117	96,085
Europe	1	144	1	43	2	186
North America	26	6,853	30	2,263	60	12,017
Other Regions	0	0	1	33	6	415
Total	**582**	**63,581**	**217**	**13,741**	**936**	**181,145**
N: Number of VC firms responded		N=61		N=59		N=68

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-13: Distribution of portfolio companies of New investments by VC firms by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	0	1	0	7	8
Computers and Peripherals/IT services	9	6	2	4	21
Software	1	1	1	7	10
Semi-conductors/Electrical Machinery & Equipment	1	2	1	5	9
Biotechnology/Medicine	2	2	0	1	5
Medical Device and Equipment/Healthcare-related	0	1	0	3	4
Industrial/Energy/Other	3	3	9	76	91
Media/Entertainment/Retailing/Consumer Goods	1	1	1	22	25
Finance/Real Estate/Business Services	0	1	2	21	24
Clean Technology (Among the above)	0	1	0	2	3
Total	17	18	16	146	197

N: Number of VC firms responded N=44

Chart 6-14: Distribution of portfolio companies of Follow-On investments by VC firms by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	0	0	0	2	2
Computers and Peripherals/IT services	0	1	0	0	1
Software	0	0	0	0	0
Semi-conductors/Electrical Machinery & Equipment	0	1	1	1	3
Biotechnology/Medicine	0	1	0	1	2
Medical Device and Equipment/Healthcare-related	0	0	0	1	1
Industrial/Energy/Other	0	1	1	19	21
Media/Entertainment/Retailing/Consumer Goods	0	0	0	6	6
Finance/Real Estate/Business Services	0	0	0	8	8
Clean Technology (Among the above)	0	0	0	0	0
Total	0	4	2	38	44

N: Number of VC firms responded N=35

Chart 6-15: Distribution of portfolio companies of New and Follow-On investments by VC firms by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	0	1	0	9	10
Computers and Peripherals/IT services	9	7	2	4	22
Software	1	1	1	7	10
Semi-conductors/Electrical Machinery & Equipment	1	3	2	6	12
Biotechnology/Medicine	2	3	0	2	7
Medical Device and Equipment/Healthcare-related	0	1	0	4	5
Industrial/Energy/Other	3	4	10	95	112
Media/Entertainment/Retailing/Consumer Goods	1	1	1	28	31
Finance/Real Estate/Business Services	0	1	2	29	32
Clean Technology (Among the above)	0	1	0	2	3
Total	17	22	18	184	241

N: Number of VC firms responded N=44

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-16: Distribution of New investment amount by VC firms by industry and stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	0	900	0	199	1,099
Computers and Peripherals/IT services	2,417	1,653	812	71	4,953
Software	180	25	1,000	180	1,385
Semi-conductors/Electrical Machinery & Equipment	710	485	2	160	1,357
Biotechnology/Medicine	1,925	1,450	0	3	3,378
Medical Device and Equipment/Healthcare-related	0	4,400	0	62	4,462
Industrial/Energy/Other	1,700	507	196	2,335	4,738
Media/Entertainment/Retailing/Consumer Goods	1	36	30	738	805
Finance/Real Estate/Business Services	0	2,840	51	707	3,598
Clean Technology (Among the above)	0	500	0	40	540
Total	6,933	12,296	2,091	4,456	25,776

N: Number of VC firms responded N=44

Chart 6-17: Distribution of Follow-On investment amount by VC firms by industry and stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	0	0	0	9	9
Computers and Peripherals/IT services	0	7	0	0	7
Software	0	0	0	0	0
Semi-conductors/Electrical Machinery & Equipment	0	650	20	20	690
Biotechnology/Medicine	0	200	0	9	209
Medical Device and Equipment/Healthcare-related	0	0	0	22	22
Industrial/Energy/Other	0	1,095	6	303	1,404
Media/Entertainment/Retailing/Consumer Goods	0	0	0	51	51
Finance/Real Estate/Business Services	0	0	0	142	142
Clean Technology (Among the above)	0	0	0	0	0
Total	0	1,952	26	554	2,532

N: Number of VC firms responded N=35

Chart 6-18: Distribution of New and Follow-On investment amount by VC firms by industry and stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	0	900	0	208	1,108
Computers and Peripherals/IT services	2,417	1,660	812	71	4,960
Software	180	25	1,000	180	1,385
Semi-conductors/Electrical Machinery & Equipment	710	1,135	22	180	2,047
Biotechnology/Medicine	1,925	1,650	0	12	3,587
Medical Device and Equipment/Healthcare-related	0	4,400	0	84	4,484
Industrial/Energy/Other	1,700	1,602	202	2,638	6,142
Media/Entertainment/Retailing/Consumer Goods	1	36	30	788	855
Finance/Real Estate/Business Services	0	2,840	51	849	3,740
Clean Technology (Among the above)	0	500	0	40	540
Total	6,933	14,248	2,117	5,010	28,308

N: Number of VC firms responded N=44

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-19: Distribution of portfolio companies of New investments by Partnerships by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	3	15	2	3	23
Computers and Peripherals/IT services	80	56	27	4	167
Software	4	17	5	1	27
Semi-conductors/Electrical Machinery & Equipment	2	10	6	2	20
Biotechnology/Medicine	5	13	8	5	31
Medical Device and Equipment/Healthcare-related	2	6	5	0	13
Industrial/Energy/Other	4	24	12	16	56
Media/Entertainment/Retailing/Consumer Goods	4	15	7	8	34
Finance/Real Estate/Business Services	2	6	3	5	16
Clean Technology (Among the above)	2	8	6	6	22
Total	106	162	75	44	387

N: Number of VC firms responded N=54

Chart 6-20: Distribution of portfolio companies of Follow-On investments by Partnerships by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	2	7	5	2	16
Computers and Peripherals/IT services	15	35	11	2	63
Software	0	10	7	0	17
Semi-conductors/Electrical Machinery & Equipment	0	2	7	1	10
Biotechnology/Medicine	5	7	3	3	20
Medical Device and Equipment/Healthcare-related	0	4	2	0	7
Industrial/Energy/Other	0	8	6	2	16
Media/Entertainment/Retailing/Consumer Goods	1	5	3	4	13
Finance/Real Estate/Business Services	0	1	3	2	6
Clean Technology (Among the above)	0	3	1	0	4
Total	23	79	47	16	168

N: Number of VC firms responded N=53

Chart 6-21: Distribution of portfolio companies of New and Follow-On investments by Partnerships by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	5	22	7	5	39
Computers and Peripherals/IT services	95	91	38	6	230
Software	4	27	12	1	44
Semi-conductors/Electrical Machinery & Equipment	2	12	13	3	30
Biotechnology/Medicine	10	20	11	8	51
Medical Device and Equipment/Healthcare-related	2	10	7	0	20
Industrial/Energy/Other	4	32	18	18	72
Media/Entertainment/Retailing/Consumer Goods	5	20	10	12	47
Finance/Real Estate/Business Services	2	7	6	7	22
Clean Technology (Among the above)	2	11	7	6	26
Total	129	241	122	60	555

N: Number of VC firms responded N=60

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-22: Distribution of New investment amount by Partnerships by industry and stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	21	672	311	444	1,448
Computers and Peripherals/IT services	3,376	6,238	4,185	347	14,146
Software	1,266	2,650	1,491	30	5,437
Semi-conductors/Electrical Machinery & Equipment	110	1,046	682	765	2,603
Biotechnology/Medicine	705	993	1,707	474	3,878
Medical Device and Equipment/Healthcare-related	275	290	304	0	869
Industrial/Energy/Other	290	1,621	684	1,710	4,306
Media/Entertainment/Retailing/Consumer Goods	420	1,978	1,433	796	4,627
Finance/Real Estate/Business Services	203	126	81	274	684
Clean Technology (Among the above)	210	776	705	314	2,005
Total	6,665	15,613	10,879	4,840	37,998

N: Number of VC firms responded N=54

Chart 6-23: Distribution of Follow-On investment amount by Partnerships by industry and stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	20	128	173	95	416
Computers and Peripherals/IT services	397	1,582	969	154	3,102
Software	0	749	307	0	1,055
Semi-conductors/Electrical Machinery & Equipment	0	70	152	264	486
Biotechnology/Medicine	834	459	222	610	2,290
Medical Device and Equipment/Healthcare-related	0	434	200	0	734
Industrial/Energy/Other	0	856	373	30	1,259
Media/Entertainment/Retailing/Consumer Goods	40	531	320	237	1,128
Finance/Real Estate/Business Services	0	36	303	74	413
Clean Technology (Among the above)	0	300	31	0	331
Total	1,291	4,844	3,020	1,464	10,884

N: Number of VC firms responded N=53

Chart 6-24: Distribution of New and Follow-On investment amount by Partnerships by industry and stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	41	799	485	539	1,864
Computers and Peripherals/IT services	3,773	7,820	5,154	501	17,248
Software	1,266	3,399	1,798	30	6,492
Semi-conductors/Electrical Machinery & Equipment	110	1,116	834	1,029	3,089
Biotechnology/Medicine	1,539	1,452	1,929	1,084	6,168
Medical Device and Equipment/Healthcare-related	275	724	504	0	1,603
Industrial/Energy/Other	290	2,476	1,058	1,741	5,565
Media/Entertainment/Retailing/Consumer Goods	460	2,509	1,753	1,033	5,755
Finance/Real Estate/Business Services	203	162	384	348	1,097
Clean Technology (Among the above)	210	1,076	736	314	2,336
Total	7,956	20,458	13,899	6,304	48,882

N: Number of VC firms responded N=60

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-25: Distribution of portfolio companies of New investments by VC firms and Partnerships by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	3	16	2	10	31
Computers and Peripherals/IT services	89	62	29	8	188
Software	5	18	6	8	37
Semi-conductors/Electrical Machinery & Equipment	3	12	7	7	29
Biotechnology/Medicine	7	15	8	6	36
Medical Device and Equipment/Healthcare-related	2	7	5	3	17
Industrial/Energy/Other	7	27	21	92	147
Media/Entertainment/Retailing/Consumer Goods	5	16	8	30	59
Finance/Real Estate/Business Services	2	7	5	26	40
Clean Technology (Among the above)	2	9	6	8	25
Total	123	180	91	190	584

N: Number of VC firms responded N=66

Chart 6-26: Distribution of portfolio companies of Follow-On investment by VC firms and Partnerships by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	2	7	5	4	18
Computers and Peripherals/IT services	15	36	11	2	64
Software	0	10	7	0	17
Semi-conductors/Electrical Machinery & Equipment	0	3	8	2	13
Biotechnology/Medicine	5	8	3	4	22
Medical Device and Equipment/Healthcare-related	0	4	2	1	8
Industrial/Energy/Other	0	9	7	21	37
Media/Entertainment/Retailing/Consumer Goods	1	5	3	10	19
Finance/Real Estate/Business Services	0	1	3	10	14
Clean Technology (Among the above)	0	3	1	0	4
Total	23	83	49	54	212

N: Number of VC firms responded N=59

Chart 6-27: Distribution of portfolio companies of New and Follow-On investments by VC firms and Partnerships by industry and stage (Number of companies)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	5	23	7	14	49
Computers and Peripherals/IT services	104	98	40	10	252
Software	5	28	13	8	54
Semi-conductors/Electrical Machinery & Equipment	3	15	15	9	42
Biotechnology/Medicine	12	23	11	10	58
Medical Device and Equipment/Healthcare-related	2	11	7	4	25
Industrial/Energy/Other	7	36	28	113	184
Media/Entertainment/Retailing/Consumer Goods	6	21	11	40	78
Finance/Real Estate/Business Services	2	8	8	36	54
Clean Technology (Among the above)	2	12	7	8	29
Total	146	263	140	244	796

N: Number of VC firms responded N=70

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-28: Distribution of New investment amount by VC firms and Partnerships by industry and stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	21	1,572	311	643	2,547
Computers and Peripherals/IT services	5,793	7,891	4,997	418	19,099
Software	1,446	2,675	2,491	210	6,822
Semi-conductors/Electrical Machinery & Equipment	820	1,531	684	925	3,960
Biotechnology/Medicine	2,630	2,443	1,707	477	7,256
Medical Device and Equipment/Healthcare-related	275	4,690	304	62	5,331
Industrial/Energy/Other	1,990	2,128	880	4,046	9,044
Media/Entertainment/Retailing/Consumer Goods	421	2,014	1,463	1,534	5,432
Finance/Real Estate/Business Services	203	2,966	132	981	4,282
Clean Technology (Among the above)	210	1,276	705	354	2,545
Total	13,599	27,909	12,970	9,296	63,774

N: Number of VC firms responded N=66

Chart 6-29: Distribution of Follow-On investment amount by VC firms and Partnerships by industry and by stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	20	128	173	104	424
Computers and Peripherals/IT services	397	1,589	969	154	3,109
Software	0	749	307	0	1,055
Semi-conductors/Electrical Machinery & Equipment	0	720	172	284	1,176
Biotechnology/Medicine	834	659	222	619	2,499
Medical Device and Equipment/Healthcare-related	0	434	200	22	756
Industrial/Energy/Other	0	1,951	379	333	2,663
Media/Entertainment/Retailing/Consumer Goods	40	531	320	288	1,179
Finance/Real Estate/Business Services	0	36	303	216	555
Clean Technology (Among the above)	0	300	31	0	331
Total	1,291	6,796	3,046	2,018	13,416

N: Number of VC firms responded N=59

Chart 6-30: Distribution of New and Follow-On investment amount by VC firms and Partnerships by industry and by stage

(Yen millions)

Industry	April 2013 - March 2014				
	Seed	Early	Expansion	Later	Total
Telecommunications/Networking and Equipment	41	1,699	485	747	2,971
Computers and Peripherals/IT services	6,190	9,480	5,966	572	22,208
Software	1,446	3,424	2,798	210	7,878
Semi-conductors/Electrical Machinery & Equipment	820	2,251	856	1,209	5,136
Biotechnology/Medicine	3,464	3,102	1,929	1,096	9,755
Medical Device and Equipment/Healthcare-related	275	5,124	504	84	6,087
Industrial/Energy/Other	1,990	4,078	1,260	4,378	11,706
Media/Entertainment/Retailing/Consumer Goods	461	2,545	1,783	1,821	6,611
Finance/Real Estate/Business Services	203	3,002	435	1,197	4,837
Clean Technology (Among the above)	210	1,576	736	354	2,876
Total	14,889	34,706	16,016	11,314	77,190

N: Number of VC firms responded N=70

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-31: Establishment and maturity of funds

	End of March 2013	April 2013 - March 2014		End of March 2014
		Established	Matured	
Number of funds	404	35	40	382
Total number of limited partners	2,596	140	329	2,422
Capital commitments (Yen millions)	1,695,114	92,078	78,194	1,728,087

N: Number of VC firms responded N=80

Note 1: The term-end figures may not agree with the cash flow figures during the period owing to non-response.

Note 2: Capital commitments are based on the amounts committed to funds (In the absence of committed amounts, based on the amount actually paid into funds).

Chart 6-32: Types of investors for funds established between April 2013 and March 2014

Type of investors	April 2013 - March 2014	
	Number of investors	Amount (yen mil)
I. GP/Managing partners	**27**	**9,141**
II. Domestic total	**78**	**53,205**
Family/Individual relatives	7	219
Other VC/Fund of funds	1	173
Corporations	30	18,106
Bank/Trust and credit unions	25	19,155
Insurance companies	3	540
Brokerage firms	1	10
Pension funds	0	0
Government/Local public bodies (non-pension)	8	13,202
Academic/University endowment	0	0
Other domestic	3	1,800
III. Overseas total	**0**	**0**
Total (I+II+III)	**105**	**62,346**

N: Number of VC firms responded N=17

Note: Capital commitments are based on the amounts committed to funds (In the absence of committed amounts, based on the amount actually paid into funds).

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 6-33: Exit status of portfolio companies invested by VC firms

(Yen millions)

	April 2013 - March 2014			
	Number of companies	Amount	Realized gain/loss	Unrealized gain/loss
IPO	12	266	1,170	456
Sale to a secondary fund	1	0	1	
Sale to another third party	22	468	119	
Write-off/Settlements	6	22	-12	
Buybacks by company management	29	622	-292	
Other	10	128	-91	

N: Number of VC firms responded N=39

Chart 6-34: Exit status of portfolio companies invested by Partnerships

(Yen millions)

	April 2013 - March 2014			
	Number of companies	Amount	Realized gain/loss	Unrealized gain/loss
IPO	105	26,459	78,660	49,920
Sale to a secondary fund	29	458	-80	
Sale to another third party	226	18,852	-2,461	
Write-off/Settlements	67	2,460	-3,335	
Buybacks by company management	231	6,471	-3,349	
Other	57	901	140	

N: Number of VC firms responded N=58

Chart 6-35: Exit status of portfolio companies invested by VC firms and Partnerships

(Yen millions)

	April 2013 - March 2014			
	Number of companies	Amount	Realized gain/loss	Unrealized gain/loss
IPO	117	26,725	79,830	50,376
Sale to a secondary fund	30	458	-80	
Sale to another third party	248	19,320	-2,342	
Write-off/Settlements	73	2,482	-3,347	
Buybacks by company management	260	7,093	-3,641	
Other	67	1,029	49	

N: Number of VC firms responded N=63

Note: The total may not correspond to the sum of breakdown owing to non-response.

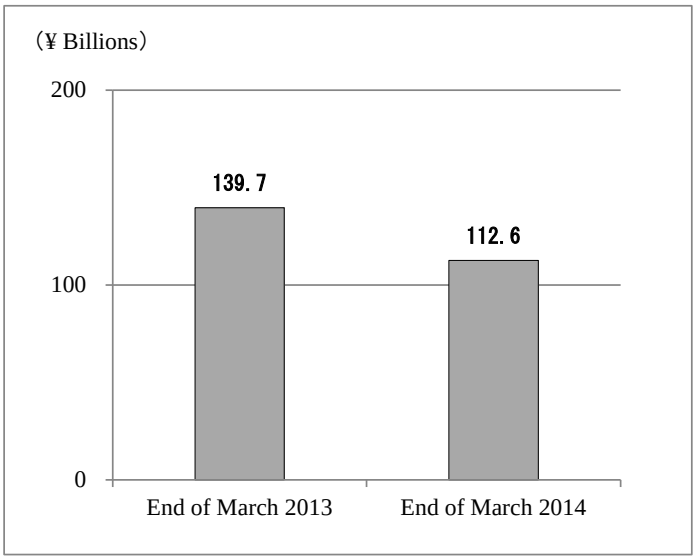
§1-2. Turnaround / Buyout Investment

1. Investment/loan Balance

(1) Status of investment/loan balance

Chart 1-1 illustrates the change in the balance of investments/loans in turnaround/buyout over the two most recent fiscal years. The breakdown of the balance and the number of portfolio companies are given in Chart 1-2. The amount of investment (investment and/or loan) and the numbers of portfolio companies in the charts are calculated by simply adding up the figures given in survey answers.

Chart 1-1: Change in balance of investments/loans in turnaround/buyout



Note: Numbers above are based solely on the latest survey.

Chart 1-2: Number of companies and balance (as of the end of March 2014)

	Number of companies	y/y % change	Total balance (Yen millions)	y/y % change
Investments	90	-21.1%	111,646	-20.1%
Loans	2	-	921	-
Total	92	-19.3%	112,567	-19.4%
N: Number of PE firms responded	N=43	N=38	N=41	N=37

Note 1: Numbers above refer to PE firms that provided the number of companies and/or investment/loan amount.

Note 2: y/y % change is based on answers from PE firms that provided the number of companies and/or investment/loan amount for both 2013 and 2014 (as of the end of March).

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(2) Investment/loan balance per company

Chart 1-3 "Investment/loan balance per company" refers to PE firms that provided both the balance and the number of portfolio companies. Per-company figure is calculated by dividing the total amount of balance by the total number of companies.

Chart 1-3: Investment/loan balance per company

(Yen millions)

	End of March 2013	End of March 2014	y/y % change
Number of portfolio companies	111	86	
Investment balance	139,667	111,646	
Investment balance per companies	1,258.3	1,298.2	3.2%
Number of loan recipients	0	2	
Loan balance	0	921	
Loan balance per recipient	-	460.5	-
Total number of companies	111	88	
Total balance	139,667	112,567	
Total balance per company	1,258.3	1,279.2	1.7%

N: Number of PE firms responded N=37

Note 1: Numbers above refer to PE firms that provided both the number of companies and investment/loan amount.

Note 2: y/y % change is based on answers from PE firms that provided both the number of companies and investment/loan amount for both 2013 and 2014 (as of the end of March).

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(3) Distribution of companies by investment/loan balance

The following shows the distribution of turnaround/buyout investment firms (PE firms) by the size of investment/loan balance. Chart 1-4 shows the number of PE firms, the amount of investment/loan balance and the composition ratio for each range of balance. Chart 1-5 compares a share of the top five PE firms to the rest of the firms in terms of the investment/loan balance.

Chart 1-4: Distribution of PE firms by investment/loan balance (as of the end of March 2014)

Balance range (Yen billions)	Number of PE firms	Total balance (Yen billions)	Percentage
1 or less	24	3.8	3.4%
over 1 - 5	8	19.9	17.7%
over 5 - 10	0	0.0	0.0%
over 10 - 50	5	88.8	78.9%
over 50	0	0.0	0.0%
Total	37	112.6	100.0%

Chart 1-5: Share of the top 5 PE firms in terms of investment/loan balance

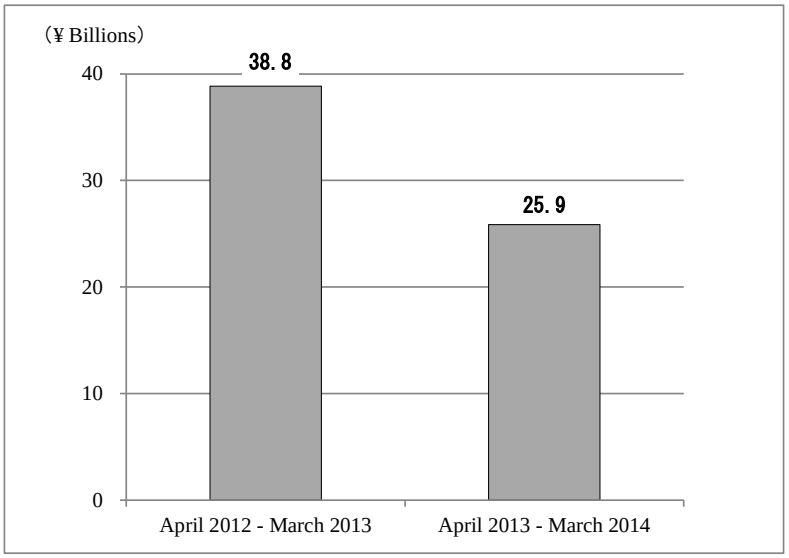
	Total balance (Yen billions)	Percentage
Top 5	88.8	78.9%
Top 6th and below	23.7	21.1%

2. Investment/loan Amount Made During the Year

(1) Status of investment/loan amount made during the year

Chart 2-1 shows the change in the overall of investment/loan amount that were made during the two most recent fiscal years. The breakdown of the number of companies and investment/loan amount made during the year for the most recent year are shown in Chart 2-2. The investment amount (investment and/or loan) and the numbers of companies in the charts are calculated by simply adding up the figures given in survey answers.

Chart 2-1: Change in PE investment/loan amount made during the year (April 2013 – March 2014)



Note: Numbers above are based solely on the latest survey.

Chart 2-2: Number of companies and investment/loan amount made during the year (April 2013– March 2014)

	Number of companies	y/y % change	Amount (Yen mil)	y/y % change
Common stocks	15	-17.6%	11,459	-4.6%
Classified stocks	2	-33.3%	5,300	-7.5%
Bonds	7	-36.4%	6,172	12.9%
Others	8	66.7%	2,002	-76.5%
Total investments	32	-16.2%	24,933	-23.3%
Loans	2	-84.6%	921	-85.5%
Total investments/loans	34	-34.0%	25,854	-33.5%
N: Number of PE firms responded		N=33		N=33

Note 1: Numbers above refer to PE firms that provided the number of companies and/or investment/loan amount.

Note 2: y/y % change is based on answers from PE firms that provided the number of companies and investment/loan amount for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(2) Investment/loan amount made during the year per company

Chart 2-3 "Investment/loan amount per company" refers to companies that provided both investment/loan amount and the number of companies. Per-company figure is calculated by dividing the total amount of investment/loan by the total number of companies.

Chart 2-3: Investment/loan amount made during the year per company (April 2012 – March 2014)

(Yen millions)

	April 2012-March 2013	April 2013-March 2014	y/y % change
Number of portfolio companies	37	32	
Investment amount	32,475	24,933	
Per company	877.7	779.2	-8.4%
Number of loan recipients	13	2	
Loan amount	6,362	921	
Per company	489.4	460.5	-5.9%
Total number of companies	50	34	
Total investments and loans	38,837	25,854	
Per company	776.7	760.4	0.8%

N: Number of PE firms responded N=33

Note 1: Numbers above refer to PE firms that provided both the number of companies and investment/loan amount.

Note 2: y/y % change is based on answers from PE firms that provided the number of companies and investment/loan amount for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(3) Distribution of PE firms by investment/loan amount during the year

Shown below is the distribution of PE firms classified by investment/loan amount made during the year. Chart 2-4 shows the number of PE firms, the total amount of investment/loan made during the year and the composition ratio for each range of the investment amount. Chart 2-5 compares the share of top three PE firms to that of the rest of the firms in terms of investment/loan amount during the year.

Chart 2-4: Distribution of PE firms by investment/loan amount (April 2013 – March 2014)

Investment/loan amount (Yen billions)	Number of PE firms	Total amount of investment/loan	
		(Yen billions)	Percentage
0	6	0.0	0.0%
1 or less	7	2.4	9.2%
over 1 - 5	5	16.3	62.9%
over 5 - 10	1	7.2	27.9%
over 10 - 20	0	0.0	0.0%
over 20	0	0.0	0.0%
Total	19	25.9	100.0%

Note: "0" billion yen for Investments/loans means that there is a balance but no Follow-On investment or loan is made during the year.

Chart 2-5: Share of the top 3 PE firms in terms of investment/loan amount made during the year (April 2013 - March 2014)

	Total amount of investment/loan	
	(Yen billions)	Percentage
Top 3	15.5	59.8%
Top 4th and below	10.4	40.2%

(4) New Investment and Follow-On investment

Chart 2-6 show the simple totaling of investment amount or the number of companies, year-on-year percentage change, and the investment amount per company. These figures are based on the answers from PE firms that provided new and follow-on investment amount or the number of companies.

Chart 2-6: Amount invested and number of portfolio companies for New and Follow-On investments

	Number of companies	y/y % change	Amount (Yen mil)	y/y % change
New investments	31	11.1%	24,363	-11.0%
Follow-On investments	1	-88.9%	570	-78.2%
Total	32	-16.2%	24,933	-23.3%
N: Number of PE firms responded		N=32		N=32

Note 1: Numbers above refer to PE firms that provided the number of companies and/or new and Follow-On investment amount.

Note 2: y/y % change is based on answers from PE firms that provided the amounts for both periods, Apr. 2012 – Mar. 2013 and Apr. 2013 – Mar. 2014.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(5) Distribution of portfolio companies by region

Chart 2-7 illustrates the number of companies and investment/loan amount by "Principal and Partnerships" by region according to the location of the companies.

Chart 2-7: Number of companies and investment/loan amount by region (Principal and Partnerships, April 2013 – March 2014)

	Number of companies	Percentage	Amount (Yen millions)	Percentage
Japan total	**29**	**100.0%**	**25,854**	**100.0%**
Hokkaido	1	3.4%	1,215	4.7%
Tohoku	1	3.4%	500	1.9%
Kanto（excl. Tokyo）	2	6.9%	780	3.0%
Tokyo	10	34.5%	16,694	64.6%
Chubu	4	13.8%	981	3.8%
Kinki	2	6.9%	3,300	12.8%
Chugoku	5	17.2%	685	2.6%
Shikoku	0	0.0%	0	0.0%
Kyushu and Okinawa	4	13.8%	1,696	6.6%
Overseas total	**0**	**0.0%**	**0**	**0.0%**
Asia-Pacific	0	0.0%	0	0.0%
Europe	0	0.0%	0	0.0%
North America	0	0.0%	0	0.0%
Other Regions	0	0.0%	0	0.0%
Total	**29**	**100.0%**	**25,854**	**100.0%**
N: Number of PE firms responded	N=27		N=27	

Note 1: Numbers above refer to PE firms that provided the number of companies and/or investment/loan amount.
Note 2: Percentages of numbers of companies and amounts are calculated based on the total sum of each region.
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

(6) Distribution of companies by industry

Charts 2-8, 2-9 and 2-10 show the total figures and the composition ratio for the number of companies and investment amount, and investment amount per company for “New”, “Follow-On” and “New and Follow-On” investments. These figures are based on answers from PE firms that provided the number of companies and/or investment amount by industry.

Chart 2-8: Distribution of companies of New investment by industry (April 2013 – March 2014)

	Number of companies	Percentage	Amount (Yen millions)	Percentage	Amount per company (Yen millions)
IT-related	**8**	**28.6%**	**13,664**	**54.0%**	**1,708.0**
Telecommunications/Networking and Equipment	1	3.6%	2,730	10.8%	2,730.0
Computers and Peripherals/IT services	4	14.3%	7,386	29.2%	1,846.5
Software	2	7.1%	1,548	6.1%	1,547.8
Semi-conductors/Electrical Machinery & Equipment	1	3.6%	2,000	7.9%	2,000.0
Biotechnology, Medical and Healthcare	**3**	**10.7%**	**4,524**	**17.9%**	**1,508.1**
Biotechnology/Medicine	2	7.1%	1,724	6.8%	862.2
Medical Device and Equipment/Healthcare-related	1	3.6%	2,800	11.1%	2,800.0
Industrial/Energy/Other	**7**	**25.0%**	**1,347**	**5.3%**	**192.4**
Products and Services	**10**	**35.7%**	**5,749**	**22.7%**	**574.9**
Media/Entertainment/Retailing/Consumer Goods	7	25.0%	2,893	11.4%	413.3
Finance/Real Estate/Business Services	3	10.7%	2,856	11.3%	951.9
Clean Technology (Among the above)	**1**	**3.6%**	**558**	**2.2%**	**558.0**
Total	**28**	**100.0%**	**25,284**	**100.0%**	**936.4**
N: Number of PE firms responded		N=29		N=28	N=22

Note 1: Numbers above refer to PE firms that provided the number of companies and/or investment amount.
Note 2: "Amount per company" refers to PE firms that provided both the number of companies and investment amount by industry.
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-9: Distribution of companies of Follow-On investment by industry (April 2013– March 2014)

	Number of companies	Percentage	Amount (Yen millions)	Percentage	Amount per company (Yen millions)
IT-related	**0**	**0.0%**	**0**	**0.0%**	**NA**
Telecommunications/Networking and Equipment	0	0.0%	0	0.0%	NA
Computers and Peripherals/IT services	0	0.0%	0	0.0%	NA
Software	0	0.0%	0	0.0%	NA
Semi-conductors/Electrical Machinery & Equipment	0	0.0%	0	0.0%	NA
Biotechnology, Medical and Healthcare	**1**	**100.0%**	**570**	**100.0%**	**570.0**
Biotechnology/Medicine	1	100.0%	570	100.0%	570.0
Medical Device and Equipment/Healthcare-related	0	0.0%	0	0.0%	NA
Industrial/Energy/Other	**0**	**0.0%**	**0**	**0.0%**	**NA**
Products and Services	**0**	**0.0%**	**0**	**0.0%**	**NA**
Media/Entertainment/Retailing/Consumer Goods	0	0.0%	0	0.0%	NA
Finance/Real Estate/Business Services	0	0.0%	0	0.0%	NA
Clean Technology (Among the above)	**0**	**0.0%**	**0**	**0.0%**	**NA**
Total	**1**	**100.0%**	**570**	**100.0%**	**570**
N: Number of PE firms responded		N=29		N=28	N=28

Note 1: Numbers above refer to PE firms that provided the number of companies and/or investment amount.
Note 2: "Amount per company" refers to PE firms that provided both the number of companies and investment amount by industry.
Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Chart 2-10: Distribution of companies of New and Follow-On investments by industry (April 2013 – March 2014)

	Number of companies	Percentage	Amount (Yen millions)	Percentage	Amount per company (Yen millions)
IT-related	**8**	**27.6%**	**13,664**	**52.8%**	**1,708.0**
Telecommunications/Networking and Equipment	1	3.4%	2,730	10.6%	2,730.0
Computers and Peripherals/IT services	4	13.8%	7,386	28.6%	1,846.5
Software	2	6.9%	1,548	6.0%	1,547.8
Semi-conductors/Electrical Machinery & Equipment	1	3.4%	2,000	7.7%	2,000.0
Biotechnology, Medical and Healthcare	**4**	**13.8%**	**5,094**	**19.7%**	**1,273.6**
Biotechnology/Medicine	3	10.3%	2,294	8.9%	764.8
Medical Device and Equipment/Healthcare-related	1	3.4%	2,800	10.8%	2,800.0
Industrial/Energy/Other	**7**	**24.1%**	**1,347**	**5.2%**	**192.4**
Products and Services	**10**	**34.5%**	**5,749**	**22.2%**	**574.9**
Media/Entertainment/Retailing/Consumer Goods	7	24.1%	2,893	11.2%	413.3
Finance/Real Estate/Business Services	3	10.3%	2,856	11.0%	951.9
Clean Technology (Among the above)	**1**	**3.4%**	**558**	**2.2%**	**558.0**
Total	**29**	**100.0%**	**25,854**	**100.0%**	**923.4**
N: Number of PE firms responded		N=27		N=27	

Note 1: Numbers above refer to PE firms that provided the number of companies and/or investment amount.

Note 2: "Amount per company" refers to PE firms that provided both the number of companies and investment amount by industry.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

3. Overview of Investment Partnership

(1) Overall status of funds

Chart 3-1 shows the status of funds set up by PE firms. Chart 3-2 shows the distribution of PE firms concerning the most recent number of funds and the total amount of money invested in such funds. Chart 3-3 shows the number of funds set up or matured during the year as well as the number of limited partners and the total amount of capital commitments to those funds.

Chart 3-1: Status of funds

	End of March 2013	End of March 2014	y/y % change
Number of funds	41	29	-9.4%
Total number of limited partners	180	196	21.7%
Capital commitments to funds (Yen billions)	330.9	304.2	-0.3%
Average number of limited partners	7.2	9.3	15.9%
Average capital commitments (Yen billions)	8.1	10.5	10.1%
N: Number of PE firms responded			
(Average number of limited partners)	N=16	N=12	N=13
(Average capital commitments)	N=21	N=16	N=17

Note 1: Average figures are calculated based on answers from PE firms that provided both the number of funds and the number of limited partners, or both the number of funds and the amount of capital commitments.

Note 2: y/y % change is based on answers from PE firms that provided both the number of companies and investment/loan amount for both 2013 and 2014 (as the end of March).

Note 3: Capital commitments are based on the amounts committed to funds (In the absence of capital commitments, based on the amount actually paid into funds).

Chart 3-2: Distribution of PE firms by the number of funds/amount of capital commitments (as of the end of March 2014)

Number of funds	Number of PE firms
1	6
2	7
3	3
4 and over	0
Total	16

Capital commitments to funds (Yen billions)	Number of PE firms
10 or less	7
over 10 - 50	8
over 50 - 100	0
over 100	1
Total	16

Chart 3-3: The number of limited partners and amount of capital commitments per fund for funds established or matured during the year (April 2013 – March 2014)

	Established	Matured
Number of funds	2	5
Total number of limited partners	40	5
Capital commitments to funds (Yen billions)	20.3	21.1
Average number of limited partners	17	5
Average capital commitments (Yen billions)	7.9	4.2
N: Number of PE firms responded		
(Average number of limited partners)	N=2	N=1
(Average capital commitments)	N=2	N=3

Note 1: "N" refers to PE firms that own at least one fund as of the end of March 2014, and that have answered concerning funds established or matured during the period.

Note 2: Average figures are calculated based on answers from PE firms that provided both the number of funds and the number of limited partners, or both the number of funds and the amount of capital commitments.

Note 3: Capital commitments are based on the amounts committed to funds (In the absence of capital commitments, based on the amount actually paid into funds).

(2) Breakdown of investor type

Chart 3-4 shows the breakdown of investors to the funds newly established between April 2013 and March 2014.

Chart 3-4: Breakdown of investors (April 2013 – March 2014)

Invest type	Number of investers	Percentage	Amount (Yen millions)	Percentage	Per investor (Yen millions)
I. GP/Managing partners	**2**	**4.9%**	**435**	**2.1%**	**217.5**
II. Domestic total	**35**	**85.4%**	**18,505**	**91.0%**	**528.7**
Family/Individual relatives	3	7.3%	800	3.9%	266.7
Other VC/Fund of funds	1	2.4%	200	1.0%	200.0
Corporations	7	17.1%	2,000	9.8%	285.7
Bank/Trust and credit unions	18	43.9%	6,805	33.5%	378.1
Insurance companies	1	2.4%	500	2.5%	500.0
Brokerage firms	1	2.4%	500	2.5%	500.0
Pension funds	0	0.0%	0	0.0%	NA
Government/Local public bodies (non-pension)	2	4.9%	6,010	29.5%	3005.0
Academic/University endowment	0	0.0%	0	0.0%	NA
Other domestic	2	4.9%	1,690	8.3%	845.0
III. Overseas total	**4**	**9.8%**	**1,400**	**6.9%**	**350.0**
Total (I+II+III)	**41**	**100.0%**	**20,340**	**100.0%**	**496.1**
N: Number of PE firms responded	N=3		N=3		N=3

Note 1: Numbers above refer to PE firms that provided the number of investors or investment amount (excluding firms that replied there was no investment from any type of investor).

Note 2: Per-investor figures refer to PE firms that provided both the number of investors and the amount.

Note 3: The total may not correspond to the sum of breakdown owing to rounding and non-response.

Note 4: Capital commitments are based on the amounts committed to funds (In the absence of committed amounts, based on the amount actually paid into funds).

4. Results of the Survey

Chart 4-1: Investment/loan balance of PE firms

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Investments	114	139,667	90	111,646
Loans	0	0	2	921
Total	114	139,667	92	112,567
N: Number of PE firms responded			N=38	N=43

Chart 4-2: Investment/loan balance by region

	As of the end of March 2013		As of the end of March 2014	
	Number of companies	Amount (Yen millions)	Number of companies	Amount (Yen millions)
Japan total	110	135,274	90	109,018
Hokkaido	0	0	1	1,552
Tohoku	4	1,736	3	1,720
Kanto (excl. Tokyo)	8	34,049	6	15,537
Tokyo	32	44,955	30	44,572
Chubu	6	7,335	7	6,409
Kinki	3	2,845	1	3
Chugoku	18	6,012	19	6,285
Shikoku	0	0	0	0
Kyushu and Okinawa	21	5,066	9	2,495
Overseas total	1	1,001	1	1,001
Asia-Pacific	0	0	0	0
Europe	0	0	0	0
North America	0	0	0	0
Other Regions	1	1,001	1	1,001
Total	116	139,577	92	112,569
N: Number of PE firms responded			N=28	N=40

Chart 4-3: Breakdown of investment/loan made during the year

	April 2012 - March 2013					
	New investmensts/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	11	10,277	6	1,719	17	11,996
Ⅱ Classified stocks	5	12,122	0	0	5	12,122
Ⅲ Bonds	8	4,565	3	900	11	5,465
Ⅳ Other	3	392	0	0	3	392
Total Investments (I+II+III+IV)	27	27,356	9	2,619	37	32,475
Total Loans	0	0	0	0	13	6,362
Total (Investments + Loans)	27	27,356	9	2,619	50	38,837
N: Number of PE firms responded						N=36

	April 2013 - March 2014					
	New investmensts/loans		Follow-On investments/loans		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Ⅰ Common stocks	14	10,889	1	570	15	11,459
Ⅱ Classified stocks	2	5,300	0	0	2	5,300
Ⅲ Bonds	7	6,172	0	0	7	6,172
Ⅳ Other	8	2,002	0	0	8	2,002
Total Investments (I+II+III+IV)	31	24,363	1	570	32	24,933
Total Loans	2	921	0	0	2	921
Total (Investments + Loans)	33	25,284	1	570	34	25,854
N: Number of PE firms responded						N=34

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 4-4: Distribution of portfolio companies by region (April 2013 – March 2014)

	New investment		Follow-On investment		Total	
	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)	Number of companies	Amount (Yen mil)
Japan total	**28**	**25,284**	**1**	**570**	**29**	**25,854**
Hokkaido	1	1,215	0	0	1	1,215
Tohoku	1	500	0	0	1	500
Kanto（excl. Tokyo）	1	210	1	570	2	780
Tokyo	10	16,697	0	0	10	16,697
Chubu	4	981	0	0	4	981
Kinki	2	3,300	0	0	2	3,300
Chugoku	5	685	0	0	5	685
Shikoku	0	0	0	0	0	0
Kyushu and Okinawa	4	1,696	0	0	4	1,696
Overseas total	**0**	**0**	**0**	**0**	**0**	**0**
Asia-Pacific	0	0	0	0	0	0
Europe	0	0	0	0	0	0
North America	0	0	0	0	0	0
Other Regions	0	0	0	0	0	0
Total	**28**	**25,284**	**1**	**570**	**29**	**25,854**
N: Number of PE firms responded					N=28	N=28

Chart 4-5: Breakdown of portfolio companies of New investment by industry

Industry	April 2013 - March 2014	
	Number of companies	Amount (Yen mil)
Telecommunications/Networking and Equipment	1	2,730
Computers and Peripherals/IT services	4	7,386
Software	2	1,548
Semi-conductors/Electrical Machinery & Equipment	1	2,000
Biotechnology/Medicine	2	1,724
Medical Device and Equipment/Healthcare-related	1	2,800
Industrial/Energy/Other	7	1,347
Media/Entertainment/Retailing/Consumer Goods	7	2,893
Finance/Real Estate/Business Services	3	2,856
Clean Technology (Among the above)	1	558
Total	28	25,284
N: Number of PE firms responded		N=29

Chart 4-6: Breakdown of portfolio companies of Follow-On investment by industry

Industry	April 2013 - March 2014	
	Number of companies	Amount (Yen mil)
Telecommunications/Networking and Equipment	0	0
Computers and Peripherals/IT services	0	0
Software	0	0
Semi-conductors/Electrical Machinery & Equipment	0	0
Biotechnology/Medicine	1	570
Medical Device and Equipment/Healthcare-related	0	0
Industrial/Energy/Other	0	0
Media/Entertainment/Retailing/Consumer Goods	0	0
Finance/Real Estate/Business Services	0	0
Clean Technology (Among the above)	0	0
Total	1	570
N: Number of PE firms responded		N=22

Note: The total may not correspond to the sum of breakdown owing to non-response.

Chart 4-7: Breakdown of portfolio companies of New and Follow-On investments by industry

Industry	April 2013 - March 2014	
	Number of companies	Amount (Yen mil)
Telecommunications/Networking and Equipment	1	2,730
Computers and Peripherals/IT services	4	7,386
Software	2	1,548
Semi-conductors/Electrical Machinery & Equipment	1	2,000
Biotechnology/Medicine	3	2,294
Medical Device and Equipment/Healthcare-related	1	2,800
Industrial/Energy/Other	7	1,347
Media/Entertainment/Retailing/Consumer Goods	7	2,893
Finance/Real Estate/Business Services	3	2,856
Clean Technology (Among the above)	1	558
Total	29	25,854

N: Number of PEfirms responded N=29

Chart 4-8: Status of funds

	End of March 2013	April 2013 - March 2014		End of March 2014
		Established	Matured	
Number of funds	41	2	5	29
Total number of limited partners	180	40	5	196
Capital commitments (Yen millions)	330,932	20,340	21,126	304,245

N: Number of PE firms responded N=21

Note 1: The term-end figures may not agree with the figures during the period owing to non-response.

Note 2: Capital commitments are based on the amounts committed to funds (In the absence of committed amounts, based on the amount actually paid into funds).

Chart 4-9: Manner of acquisition

April 2013 - March 2014	
Continued listing	4
Secondary buyout	2
Bankruptcy	0
Public to Private	1
Business succession	2
Other capitalization strategy	15

N: Number of PE firms responded N=12

Chart 4-10: Manner of exit by companies

(Yen millions)

	April 2013 - March 2014		
	Number of companies	Realized gain/loss	Unrealized gain/loss
IPO	8	5,686	10,218
Sale to a secondary fund	0	0	
Sale to another third party	12	19,910	
Write-off/settlements	1	0	
Buybacks by company management	5	-291	
Other	8	724	

N: Number of PE firms responded N=6

Note: The total may not correspond to the sum of breakdown owing to non-response.

§2 Survey on Venture Capital Fund Status

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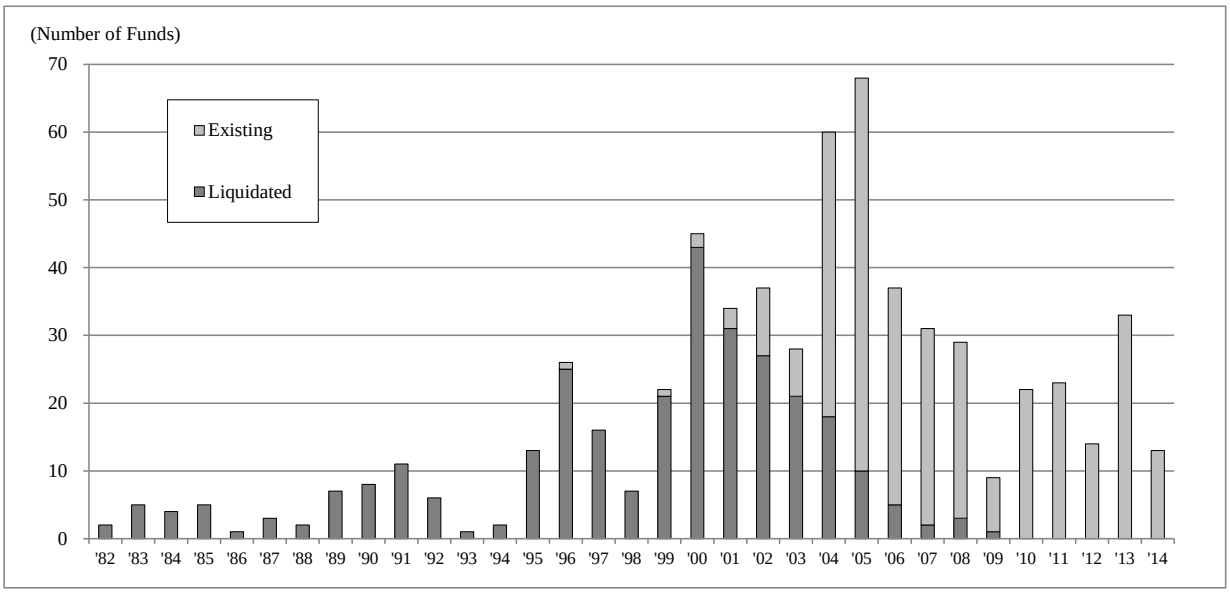
Reading the charts and tables (points of notice)

- Vintage year of a fund is the year where the first closing date belongs. (The first contribution cut-off date or the first cash flow date.)
- The sample funds in the survey consist of those funds for which both the first closing date and the fund size (cumulative capital contributions) are available.
- Regarding foreign currency funds, total capital contributions are converted into yen at the end-of-the-month exchange rate for the first closing date. In computing the IRR, the end-of-the-month exchange rate for the cash flow dates is used.
- For year 2014, data up to the end of June are compiled; for the other years, data for the entire calendar year are adopted.
- The “Clean Technology” in the industry classification overlaps with other industry categories.

1. Fund Type and the Number of Funds

(1) Number of funds by vintage year

The following chart shows the number of funds by vintage year based on the first closing date. (Liquidated/Existing funds are separately shown.)

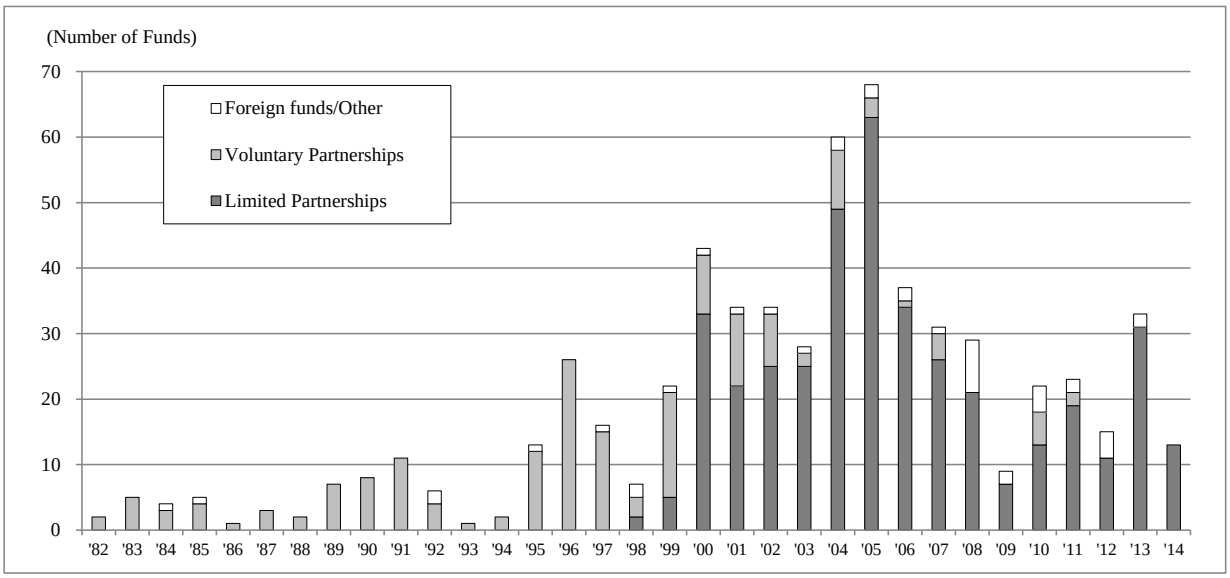


Vintage year	Number of Funds		
	Total	Liquidated	Existing
'82	2	2	0
'83	5	5	0
'84	4	4	0
'85	5	5	0
'86	1	1	0
'87	3	3	0
'88	2	2	0
'89	7	7	0
'90	8	8	0
'91	11	11	0
'92	6	6	0
'93	1	1	0
'94	2	2	0
'95	13	13	0
'96	26	25	1
'97	16	16	0
'98	7	7	0
'99	22	21	1
'00	45	43	2
'01	34	31	3
'02	37	27	10
'03	28	21	7
'04	60	18	42
'05	68	10	58
'06	37	5	32
'07	31	2	29
'08	29	3	26
'09	9	1	8
'10	22	0	22
'11	23	0	23
'12	15	0	14
'13	33	0	33
'14	13	0	13
Total	625	300	324

(2) Number of funds by fund type

The following chart shows the number of funds established after the enactment of the Limited Partnership Act for Investment in November 1998. The funds are classified into limited partnerships based on the Act and voluntary partnerships ruled by the Civil Code.

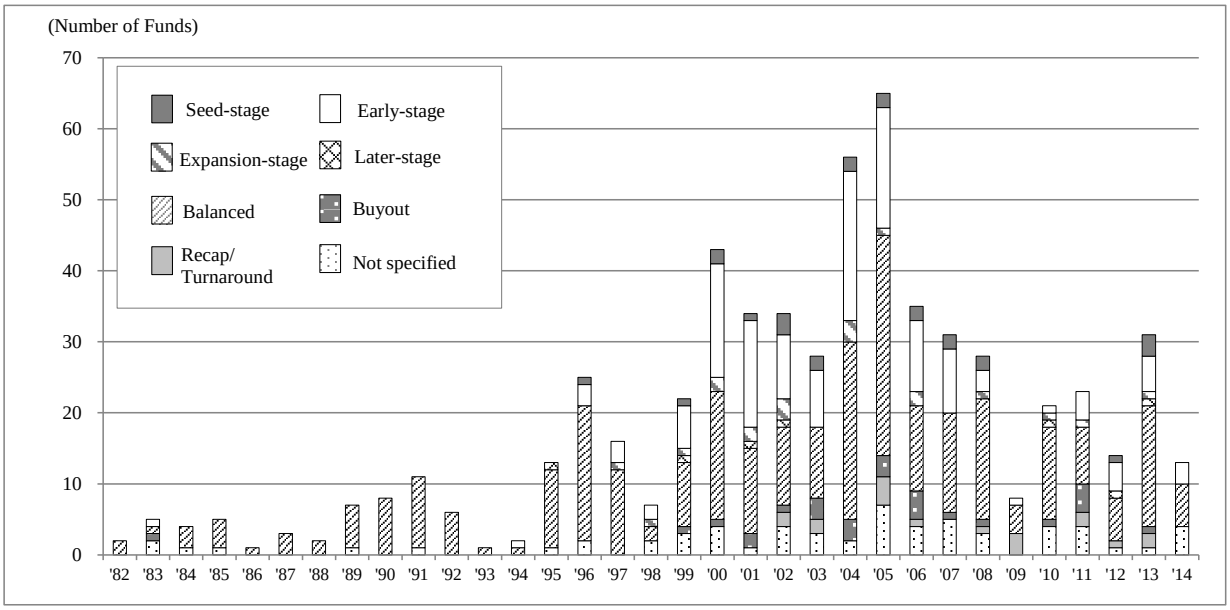
Note: "Other" includes foreign-based corporate-type funds and US limited partnerships, etc.



Vintage year	Number of Funds			
	Total	Limited Partnerships	Voluntary Partnerships	Foreign funds/Other
'82	2	0	2	0
'83	5	0	5	0
'84	4	0	3	1
'85	5	0	4	1
'86	1	0	1	0
'87	3	0	3	0
'88	2	0	2	0
'89	7	0	7	0
'90	8	0	8	0
'91	11	0	11	0
'92	6	0	4	2
'93	1	0	1	0
'94	2	0	2	0
'95	13	0	12	1
'96	26	0	26	0
'97	16	0	15	1
'98	7	2	3	2
'99	22	5	16	1
'00	43	33	9	1
'01	34	22	11	1
'02	34	25	8	1
'03	28	25	2	1
'04	60	49	9	2
'05	68	63	3	2
'06	37	34	1	2
'07	31	26	4	1
'08	29	21	0	8
'09	9	7	0	2
'10	22	13	5	4
'11	23	19	2	2
'12	15	11	0	4
'13	33	31	0	2
'14	13	13	0	0
Total	620	399	179	42

(3) Number of funds by focused stage

The following chart shows the distribution of focused stages by vintage year.



Vintage year	Number of Funds								
	Total	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not specified
'82	2	0	0	0	0	2	0	0	0
'83	5	0	1	0	0	1	1	0	2
'84	4	0	0	0	0	3	0	0	1
'85	5	0	0	0	0	4	0	0	1
'86	1	0	0	0	0	1	0	0	0
'87	3	0	0	0	0	3	0	0	0
'88	2	0	0	0	0	2	0	0	0
'89	7	0	0	0	0	6	0	0	1
'90	8	0	0	0	0	8	0	0	0
'91	11	0	0	0	0	10	0	0	1
'92	6	0	0	0	0	6	0	0	0
'93	1	0	0	0	0	1	0	0	0
'94	2	0	1	0	0	1	0	0	0
'95	13	0	0	0	1	11	0	0	1
'96	25	1	3	0	0	19	0	0	2
'97	16	0	3	1	0	12	0	0	0
'98	7	0	2	1	0	2	0	0	2
'99	22	1	6	1	1	9	1	0	3
'00	43	2	16	2	0	18	1	0	4
'01	34	1	15	2	1	12	2	0	1
'02	34	3	9	3	1	11	1	2	4
'03	28	2	8	0	0	10	3	2	3
'04	56	2	21	3	0	25	3	0	2
'05	65	2	17	1	0	31	3	4	7
'06	35	2	10	2	0	12	4	1	4
'07	31	2	9	0	0	14	1	0	5
'08	28	2	3	1	0	17	1	1	3
'09	8	0	1	0	0	4	0	3	0
'10	21	0	1	1	1	13	1	0	4
'11	23	0	4	1	0	8	4	2	4
'12	14	1	4	0	1	6	0	1	1
'13	31	3	5	1	1	17	1	2	1
'14	13	0	3	0	0	6	0	0	4
Total	604	24	142	20	7	305	27	18	61

(4) Number of funds by focused industry

The following table shows the breakdown of all funds classified by focused industry.

Industry	Number of Funds	Percentage
Telecommunications/Networking and Equipment	13	2%
Computers and Peripherals/IT services	29	5%
Software	3	1%
Semi-conductors/Electrical Machinery & Equipment	8	1%
Biotechnology/Medicine	28	5%
Medical Device and Equipment/Healthcare-related	4	1%
Industrial/Energy/Other	24	4%
Media/Entertainment/Retailing/Consumer Goods	8	1%
Finance/Real Estate/Business Services	5	1%
Clean Technology	4	1%
Not specified	443	78%
Total（1982-2014）	569	100%

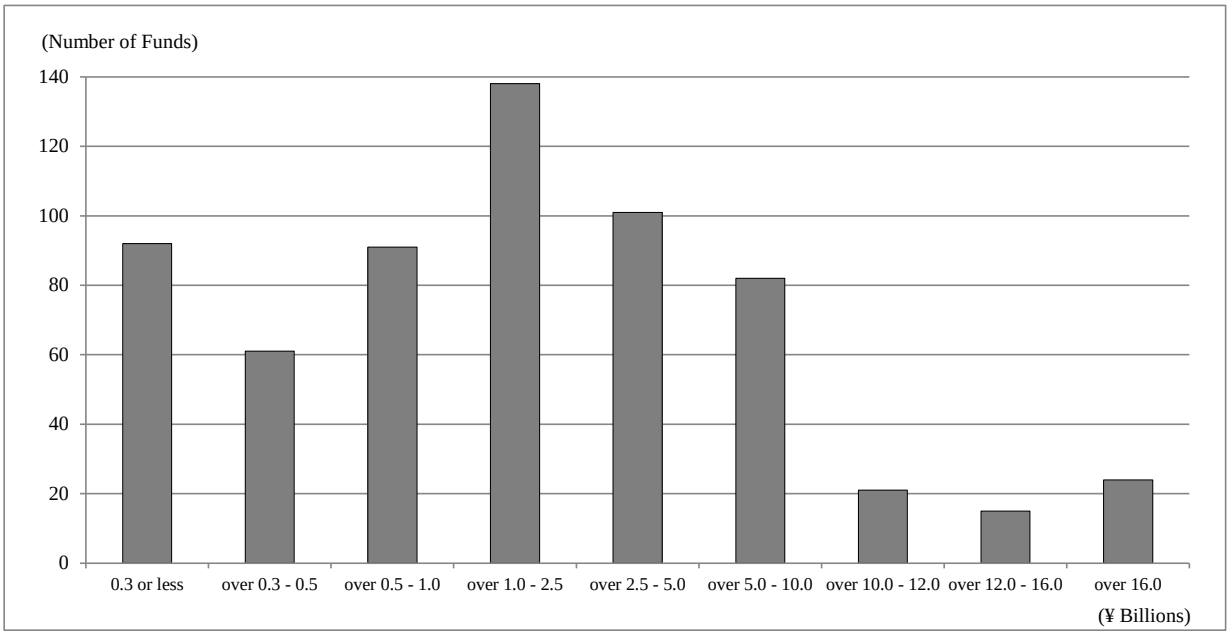
(5) Number of funds by focused region

The following table shows the breakdown of all funds classified by focused region.

Region	Number of Funds	Percentage
Hokkaido	11	32%
Tohoku	15	
Kanto (excl. Tokyo)	22	
Tokyo	28	
Chubu	25	
Kinki	39	
Chugoku	29	
Shikoku	6	
Kyushu and Okinawa	17	
Asia-Pacific	33	6%
Europe	0	0%
North America	12	2%
Mainly domestic	285	48%
Mainly overseas	21	4%
Not specified	50	8%
Total（1982-2014）	593	100%

(6) Number of funds by size

The following chart shows the number of funds by size, where size is represented by the cumulative capital contributions up to the time of survey (where there are multiple capital calls, the relevant sums are added).



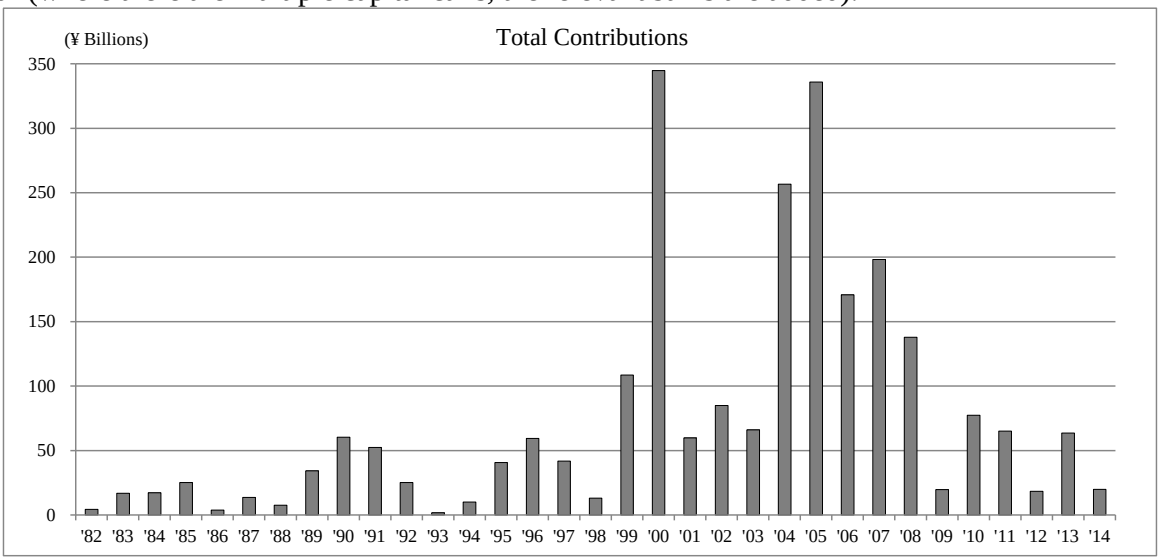
(Number of funds)

Fund Size (Yen billions)	Vintage Year					Total (1982-2014)
	2010	2011	2012	2013	2014	
0.3 or less	1	4	6	14	7	92
over 0.3 - 0.5	3	0	3	2	0	61
over 0.5 - 1.0	2	4	2	4	1	91
over 1.0 - 2.5	6	6	2	6	0	138
over 2.5 - 5.0	4	6	1	2	4	101
over 5.0 - 10.0	4	2	1	3	1	82
over 10.0 - 12.0	1	1	0	1	0	21
over 12.0 - 16.0	1	0	0	1	0	15
over 16.0	0	0	0	0	0	24
Total	22	23	15	33	13	625

2. Characteristics and Average Size of Fund

(1) Total contributions by vintage year

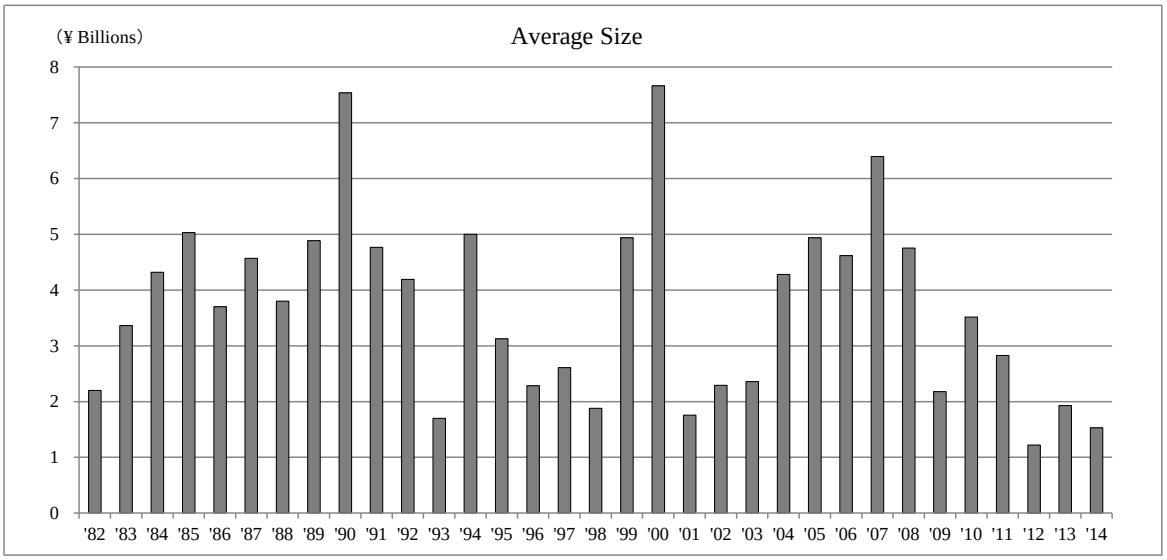
The following chart shows the cumulative total contributions up to the time of survey by vintage year (where there are multiple capital calls, the relevant sums are added).



Vintage Year	Number of Funds	Total Contributions (Yen billions)
'82	2	4.4
'83	5	16.8
'84	4	17.3
'85	5	25.1
'86	1	3.7
'87	3	13.7
'88	2	7.6
'89	7	34.2
'90	8	60.3
'91	11	52.4
'92	6	25.1
'93	1	1.7
'94	2	10.0
'95	13	40.7
'96	26	59.4
'97	16	41.7
'98	7	13.1
'99	22	108.6
'00	45	344.7
'01	34	59.7
'02	37	84.9
'03	28	66.0
'04	60	256.6
'05	68	335.8
'06	37	170.8
'07	31	198.3
'08	29	137.8
'09	9	19.6
'10	22	77.4
'11	23	65.0
'12	15	18.3
'13	33	63.6
'14	13	19.9
Total	625	2,454.4

(2) Average size of funds by vintage year

The following chart shows the average size of funds by vintage year.

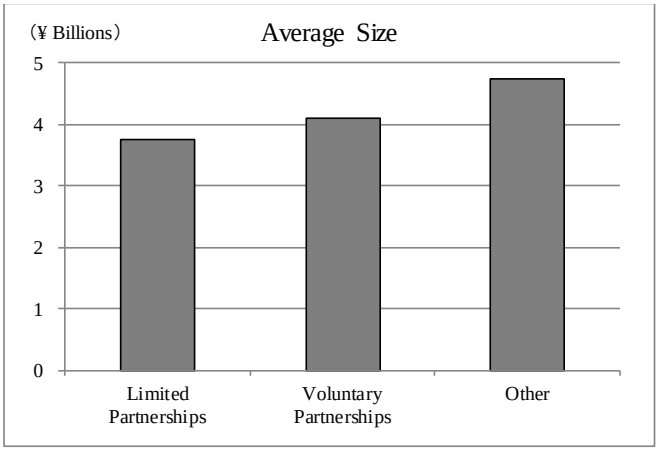


Vintage Year	Number of Funds	Average Size (Yen billions)
'82	2	2.2
'83	5	3.4
'84	4	4.3
'85	5	5.0
'86	1	3.7
'87	3	4.6
'88	2	3.8
'89	7	4.9
'90	8	7.5
'91	11	4.8
'92	6	4.2
'93	1	1.7
'94	2	5.0
'95	13	3.1
'96	26	2.3
'97	16	2.6
'98	7	1.9
'99	22	4.9
'00	45	7.7
'01	34	1.8
'02	37	2.3
'03	28	2.4
'04	60	4.3
'05	68	4.9
'06	37	4.6
'07	31	6.4
'08	29	4.8
'09	9	2.2
'10	22	3.5
'11	23	2.8
'12	15	1.2
'13	33	1.9
'14	13	1.5
Total	625	-

(3) Average size of funds by fund type

All funds are classified according to legal regulations, and the average sizes are computed for each type.

Type of funds	Number of Funds	Average Size (Yen billions)
Limited Partnerships	399	3.7
Voluntary Partnerships	179	4.1
Other	42	4.7
Total	620	-

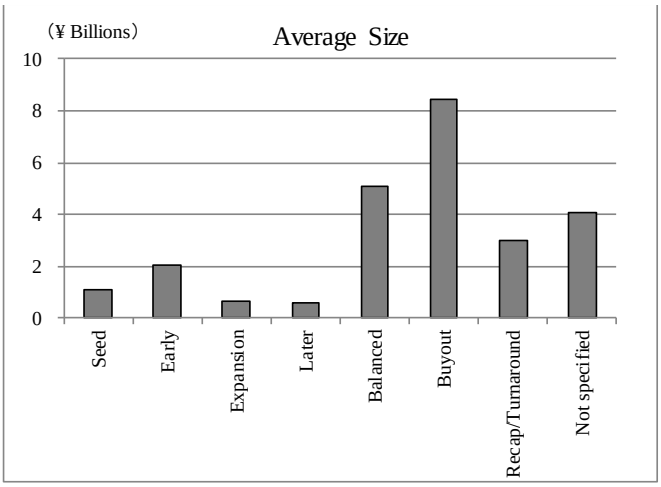


Note 1: "Other" includes foreign-based corporate-type funds and US limited partnerships, etc.
Note 2: Funds based on the Limited Partnership Act for Investment were started operating in 1999 onwards.

(4) Average size of funds by focused stage

All funds are classified according to their focused stage and the average sizes are computed for each stage.

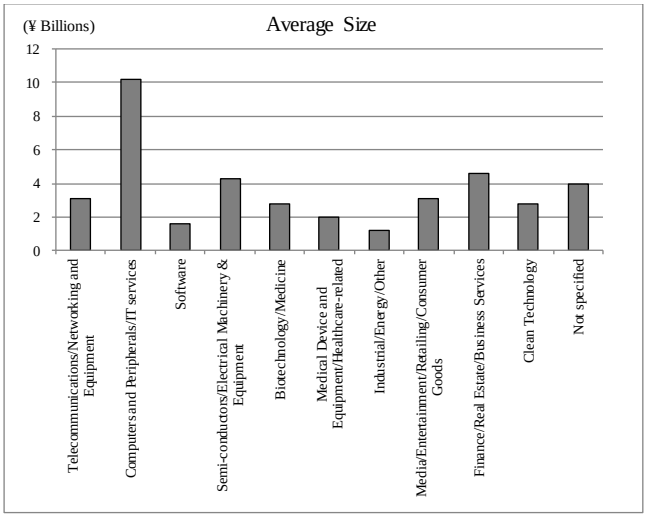
Stage	Number of Funds	Average Size (Yen billions)
Seed	24	1.1
Early	142	2.1
Expansion	20	0.7
Later	7	0.6
Balanced	305	5.1
Buyout	27	8.4
Recap/Turnaround	18	3.0
Not specified	61	4.1
Total	604	-



(5) Average size of funds by focused industry

All funds are classified according to their focused industry and the average sizes are computed for each industry.

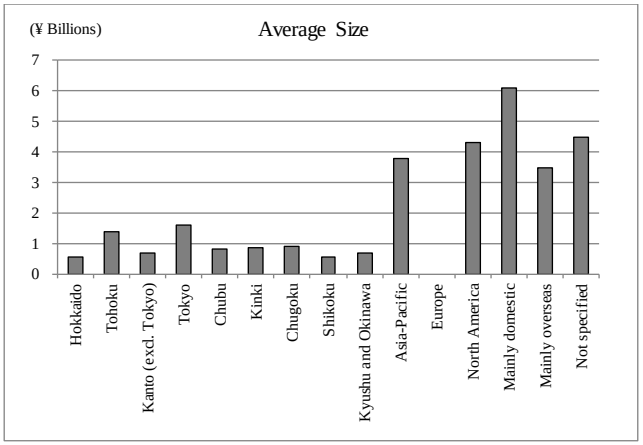
Industry	Number of Funds	Average Size (Yen billions)
Telecommunications/Networking and Equipment	13	3.1
Computers and Peripherals/IT services	29	10.2
Software	3	1.6
Semi-conductors/Electrical Machinery & Equipment	8	4.2
Biotechnology/Medicine	28	2.8
Medical Device and Equipment/Healthcare-related	4	2.0
Industrial/Energy/Other	24	1.2
Media/Entertainment/Retailing/Consumer Goods	8	3.1
Finance/Real Estate/Business Services	5	4.6
Clean Technology	4	2.8
Not specified	443	4.0
Total	569	-



(6) Average size of funds by focused region

All funds are classified according to their focused region and the average sizes are computed for each region.

Region	Number of Funds	Average Size (Yen billions)
Hokkaido	11	0.6
Tohoku	15	1.4
Kanto (excl. Tokyo)	22	0.7
Tokyo	28	1.6
Chubu	25	0.8
Kinki	39	0.9
Chugoku	29	0.9
Shikoku	6	0.5
Kyushu and Okinawa	17	0.7
Asia-Pacific	33	3.8
Europe	0	-
North America	12	4.3
Mainly domestic	285	6.1
Mainly overseas	21	3.5
Not specified	50	4.5
Total	593	-



3. Breakdown of investors

The following table shows the breakdown of investors by industry.

Vintage Year	Number of Funds	Percentage of Contributions											
		General Partners	Family/Private Individuals	Other VC/ Fund of Funds	Corporate Investors	Bank/Trust and Credit Unions	Insurance Companies	Brokerage Firms	Pension Funds	Government/Local Public Bodies (Non-Pension)	Academic/ University Endowment	Other Domestic	Foreign Firms
'82	0	-	-	-	-	-	-	-	-	-	-	-	-
'83	2	5.9%	0.0%	3.9%	49.0%	9.8%	31.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
'84	1	-	-	-	-	-	-	-	-	-	-	-	-
'85	1	-	-	-	-	-	-	-	-	-	-	-	-
'86	0	-	-	-	-	-	-	-	-	-	-	-	-
'87	0	-	-	-	-	-	-	-	-	-	-	-	-
'88	0	-	-	-	-	-	-	-	-	-	-	-	-
'89	4	2.8%	0.0%	3.7%	28.6%	12.9%	28.3%	15.8%	0.0%	0.5%	0.0%	7.0%	0.6%
'90	4	3.5%	1.8%	7.5%	28.8%	7.0%	22.3%	5.1%	0.0%	0.9%	0.0%	23.1%	0.0%
'91	3	6.9%	0.0%	0.0%	50.6%	5.4%	9.9%	6.2%	0.0%	0.0%	0.0%	20.2%	0.8%
'92	2	20.0%	0.0%	0.0%	0.0%	0.0%	80.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
'93	0	-	-	-	-	-	-	-	-	-	-	-	-
'94	0	-	-	-	-	-	-	-	-	-	-	-	-
'95	6	36.9%	3.0%	3.0%	36.0%	12.3%	4.2%	0.6%	0.0%	0.0%	0.0%	3.0%	0.9%
'96	19	11.9%	0.4%	2.4%	26.1%	21.1%	13.6%	3.2%	0.0%	3.6%	0.0%	16.3%	1.3%
'97	10	19.9%	0.0%	9.7%	11.3%	8.1%	18.8%	3.2%	0.0%	1.5%	0.0%	25.9%	1.6%
'98	7	2.5%	1.7%	2.3%	55.0%	12.8%	23.6%	1.5%	0.0%	0.0%	0.0%	0.5%	0.3%
'99	15	25.5%	0.0%	4.0%	7.9%	18.7%	27.4%	0.0%	8.0%	0.0%	3.4%	1.7%	3.4%
'00	33	21.8%	10.0%	3.4%	18.2%	12.8%	16.3%	1.2%	6.8%	4.9%	0.6%	1.1%	2.9%
'01	25	11.7%	1.3%	28.5%	16.9%	12.1%	6.8%	18.1%	0.6%	3.1%	0.0%	0.2%	0.8%
'02	28	26.1%	1.1%	3.4%	15.6%	15.9%	4.4%	23.2%	0.0%	6.3%	0.4%	2.2%	1.5%
'03	23	13.4%	2.5%	19.0%	10.4%	32.6%	4.4%	0.4%	0.0%	6.9%	0.0%	10.1%	0.3%
'04	51	28.1%	2.0%	5.6%	14.4%	24.4%	11.5%	1.0%	0.8%	6.2%	1.2%	2.2%	2.5%
'05	58	16.6%	0.7%	3.4%	13.2%	31.6%	18.4%	2.9%	4.6%	4.9%	1.0%	2.2%	0.5%
'06	27	8.9%	0.2%	9.4%	24.9%	14.4%	13.5%	14.3%	1.2%	9.6%	0.0%	1.2%	2.4%
'07	26	25.0%	0.0%	1.2%	27.0%	19.7%	12.5%	1.7%	7.8%	2.2%	1.3%	0.7%	0.9%
'08	16	48.3%	0.6%	1.1%	10.9%	8.1%	17.2%	5.5%	0.0%	7.9%	0.4%	0.0%	0.0%
'09	6	3.6%	0.0%	1.6%	6.0%	40.4%	12.9%	0.0%	0.0%	34.9%	0.0%	0.6%	0.0%
'10	11	26.1%	0.0%	0.0%	16.2%	42.9%	4.8%	0.1%	0.0%	7.9%	0.0%	2.0%	0.0%
'11	17	4.0%	0.4%	0.4%	13.4%	28.5%	16.6%	5.7%	1.0%	22.5%	0.0%	5.4%	1.9%
'12	11	5.0%	1.2%	0.0%	11.7%	40.6%	41.2%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%
'13	26	31.5%	0.7%	0.9%	32.5%	19.3%	2.4%	1.5%	0.0%	10.6%	0.0%	0.3%	0.4%
'14	9	24.4%	0.0%	0.0%	33.5%	38.4%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	441	20.7%	1.8%	4.6%	19.1%	21.2%	14.3%	4.2%	3.2%	5.5%	0.8%	3.1%	1.5%

4. Performance

(1) Computation method of performance indices

IRR

Fund performance is measured by the internal rate of return, or IRR which is a cash flow-based return measure for the reason that a venture capital fund does not normally allow timely evaluation of fair market value, and it is difficult to liquidate the position once an investment is made. The IRR is the discount rate that, if all cash flows from an investment including contributions and distributions are discounted to the present value, would bring the total present value equal to zero. It is very close to the annual percentage yield on a fund. For a fund still being managed, the most recent residual value of the fund is marked to market, and this value is added to the positive cash flow at the most recent point.

Computation formula

IRR(r) is computed using the following formula.

$$0 = \sum_{i=0}^{n} \frac{C_i}{(1+r)^{t_i}}$$

t_i: The time between inception (0) and time point i
C_i: The amount of cash flow at time point t_i (Regarding contributions as negative cash flow, distributions as positive cash flow. The residual value of the fund at the final point in time t_n is added to the positive cash flow at t_n.)
r: IRR. This value r cannot be analytically arrived at, so an approximate solution is derived by sequential computation.

Assumptions

In computing the IRR for this survey, we assumed that all cash flows that occurred during the month actually took place at the end of the month, and regarded one month as one-twelfth year in considering the investment period.

Simple average IRR

The simple arithmetic average of the returns of all funds regardless of their size.

$$\text{Simple average } IRR = \frac{\sum_{i=1}^{n} (IRR)_i}{n}$$

n: the number of funds, i: individual funds

Weighted average IRR

In obtaining an overall picture of the assets of a venture capital fund, it stands to reason that larger funds wield more impact than smaller funds. Therefore, the weighted average IRR is computed by placing weight on the individual funds according to their beginning-of-the-period size. As for fund size, we adopted total paid-in capital (cumulative contributions up till the time of survey).

$$\text{Weighted average } IRR = \frac{\sum_{i=1}^{n}(\text{Total contributions})_i \times (IRR)_i}{\sum_{i=1}^{n}(\text{Total contributions})_i}$$

n: the number of funds, *i*: individual funds

Pooled IRR

This is an IRR obtained by taking cash flows since inception together with the residual value for all funds and aggregating them into a pool as if they were a single fund.

DPI: Distribution to Paid-in

This is a measure of the cumulative distributions returned to investors as a proportion of the cumulative paid in capital. If the ratio exceeds 1, returns investors received are larger than their investment.

DPI = (Cumulative distributions) / (Total paid-in capital)

TVPI: Total Value to Paid-in

This is a measure of total value which is the sum of the residual value (unrealized return on investment) and the distributions to date relative to invested capital. If the ratio exceeds 1, the current value of the fund exceeds the total paid-in capital.

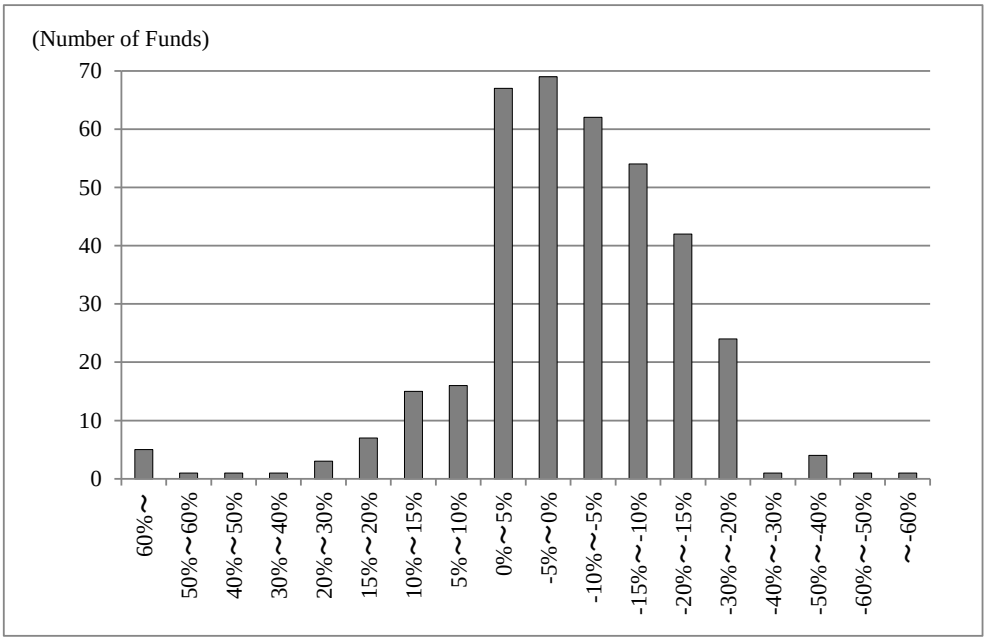
TVPI = (Cumulative distributions + Residual value) / (Total paid-in capital)

Weighted average TOPIX

The TOPIX (Tokyo Stock Price Index) is a free-floating adjusted Index of the total market value of all stocks traded on the first section of the Tokyo Stock Exchange. The index is a measure of the changes in aggregate market value of the stocks, using the closing total on 4 January 1968 as the base of the Index, with a starting value of 100. The weighted average TOPIX is computed by placing weight on the individual funds according to their beginning-of-the-period size.

(1) Internal rate of return (IRR) on all funds

1. Distribution of IRR (as a whole)

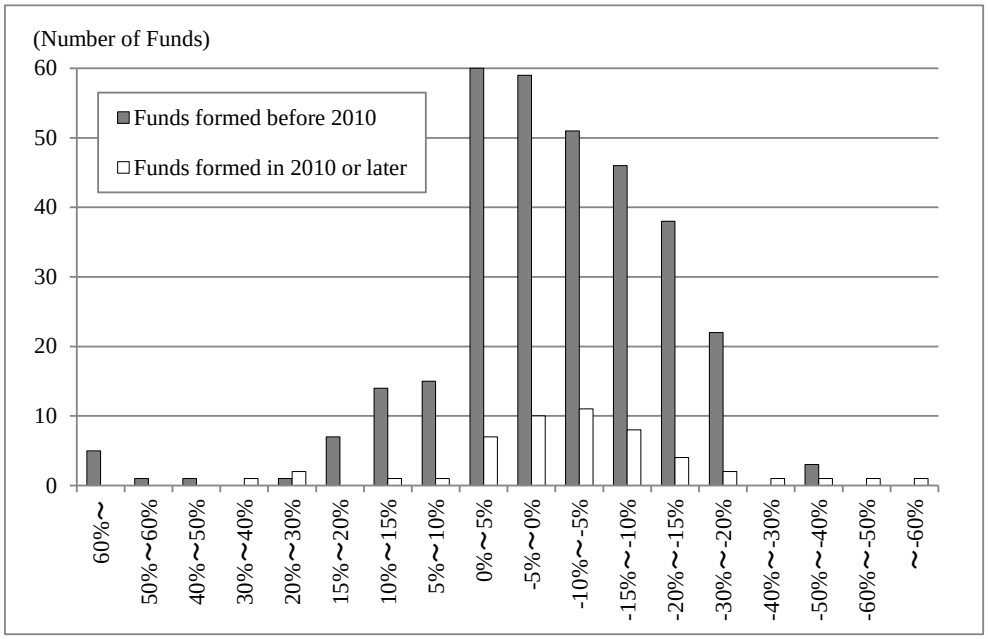


IRR	Number of Funds
60%～	5
50%～60%	1
40%～50%	1
30%～40%	1
20%～30%	3
15%～20%	7
10%～15%	15
5%～10%	16
0%～5%	67
-5%～0%	69
-10%～-5%	62
-15%～-10%	54
-20%～-15%	42
-30%～-20%	24
-40%～-30%	1
-50%～-40%	4
-60%～-50%	1
～-60%	1
Total	374

Note: Each range of IRR is “x% and over but less than xx%”.

2. Distribution of IRR (by period of fund management)

The next chart shows the distributions of the internal rate of return (IRR) on individual funds classified by investment. All funds started in 2009 or later have been managed less than 5 years.



	Number of Funds		
	Total	Funds formed before 2010	Funds formed in 2010 or later
60%～	5	5	0
50%～60%	1	1	0
40%～50%	1	1	0
30%～40%	1	0	1
20%～30%	3	1	2
15%～20%	7	7	0
10%～15%	15	14	1
5%～10%	16	15	1
0%～5%	67	60	7
-5%～0%	69	59	10
-10%～-5%	62	51	11
-15%～-10%	54	46	8
-20%～-15%	42	38	4
-30%～-20%	24	22	2
-40%～-30%	1	0	1
-50%～-40%	4	3	1
-60%～-50%	1	0	1
～-60%	1	0	1
Total	374	323	51

Note: Each range of IRR is “x% and over but less than xx%”.

3. IRR distribution by fund type

IRR	Number of Funds		
	Total	Limited Partnerships	Voluntary Partnerships
60%～	5	2	2
50%～60%	1	1	0
40%～50%	1	1	0
30%～40%	1	1	0
20%～30%	3	2	1
15%～20%	7	2	3
10%～15%	15	2	12
5%～10%	16	10	5
0%～5%	67	28	35
-5%～0%	69	49	20
-10%～-5%	62	55	7
-15%～-10%	54	47	7
-20%～-15%	42	36	5
-30%～-20%	24	24	0
-40%～-30%	1	1	0
-50%～-40%	4	2	2
-60%～-50%	1	1	0
～-60%	1	1	0
Total	374	265	99

Note: Each range of IRR is “x% and over but less than xx%”.

4. IRR distribution by focused stage

IRR	Number of Funds								
	Total	Seed	Early	Expansion	Later	Balanced	Buyout	Recap/ Turnaround	Not specified
60%～	5	1	4	0	0	0	0	0	0
50%～60%	1	0	1	0	0	0	0	0	0
40%～50%	1	0	1	0	0	0	0	0	0
30%～40%	1	0	0	0	0	0	1	0	0
20%～30%	3	0	0	0	0	1	0	1	1
15%～20%	7	1	1	1	0	4	0	0	0
10%～15%	15	0	2	0	0	11	1	0	1
5%～10%	14	2	5	1	0	6	0	0	0
0%～5%	65	1	10	2	0	37	3	0	12
-5%～0%	66	1	17	1	1	35	1	1	9
-10%～-5%	60	3	23	2	0	23	1	2	6
-15%～-10%	51	4	21	7	0	11	0	1	7
-20%～-15%	42	3	18	0	0	18	0	1	2
-30%～-20%	24	0	11	0	0	10	0	1	2
-40%～-30%	1	0	0	0	0	1	0	0	0
-50%～-40%	2	0	0	1	0	0	0	0	1
-60%～-50%	1	0	0	0	0	0	0	1	0
～-60%	0	0	0	0	0	0	0	0	0
Total	359	16	114	15	1	157	7	8	41

Note: Each range of IRR is “x% and over but less than xx%”.

5. IRR distribution by focused industry

IRR	Number of Funds											
	Total	Telecommunications /Networking and Equipment	Computers and Peripherals/ IT Services	Software	Semi-conductors/ Electrical Machinery & Equipment	Biotechnology/ Medicine	Medical Device and Equipment /Healthcare-related	Industrial/Energy /Other	Media/ Entertainment/ Retailing/ Consumer Goods	Finance/Real Estate /Business Services	Clean Technology	Not specified
60%～	5	3	1	0	0	1	0	0	0	0	0	0
50%～60%	0	0	0	0	0	0	0	0	0	0	0	0
40%～50%	1	0	0	0	0	0	0	0	0	0	0	1
30%～40%	1	0	0	0	0	0	0	0	0	0	0	1
20%～30%	3	0	0	0	0	0	0	0	0	0	0	3
15%～20%	7	0	0	0	0	0	0	0	0	0	0	7
10%～15%	13	0	1	0	0	0	0	0	0	0	0	12
5%～10%	14	1	0	0	0	1	0	0	2	0	0	10
0%～5%	59	0	1	1	1	2	0	2	0	0	0	52
-5%～0%	62	1	2	0	0	4	0	1	0	0	0	54
-10%～-5%	59	4	2	1	0	2	0	1	1	0	1	47
-15%～-10%	50	0	0	1	1	5	1	1	0	0	1	40
-20%～-15%	42	0	0	0	1	5	0	0	0	0	1	35
-30%～-20%	24	0	1	0	0	1	0	0	1	0	0	21
-40%～-30%	1	0	1	0	0	0	0	0	0	0	0	0
-50%～-40%	2	0	0	0	0	0	0	1	0	1	0	0
-60%～-50%	1	0	0	0	0	0	0	0	0	0	0	1
～-60%	0	0	0	0	0	0	0	0	0	0	0	0
Total	344	9	9	3	3	21	1	6	4	1	3	284

Note: Each range of IRR is “x% and over but less than xx%”.

6. IRR distribution by focused region

IRR	Number of Funds				
	Domestic Region	Overseas Region	Mainly Domestic	Mainly Overseas	Not specified
60%～	1	3	1	0	0
50%～60%	0	0	0	0	0
40%～50%	0	0	1	0	0
30%～40%	0	0	1	0	0
20%～30%	1	0	1	1	0
15%～20%	2	0	5	0	0
10%～15%	0	0	12	1	0
5%～10%	5	0	8	0	1
0%～5%	9	2	43	1	7
-5%～0%	19	0	34	0	9
-10%～-5%	34	0	22	0	5
-15%～-10%	25	0	18	0	7
-20%～-15%	23	0	14	0	4
-30%～-20%	11	0	10	0	3
-40%～-30%	0	0	0	0	1
-50%～-40%	2	0	0	1	0
-60%～-50%	1	0	0	0	0
～-60%	1	0	0	0	0
Total	134	5	170	4	37

Domestic Region	Hokkaido, Tohoku, Kanto (excl. Tokyo), Tokyo, Chubu, Kinki,Chugoku, Shikoku, Kyushu and Okinawa
Overseas Region	Asia-Pacific, Europe, North America

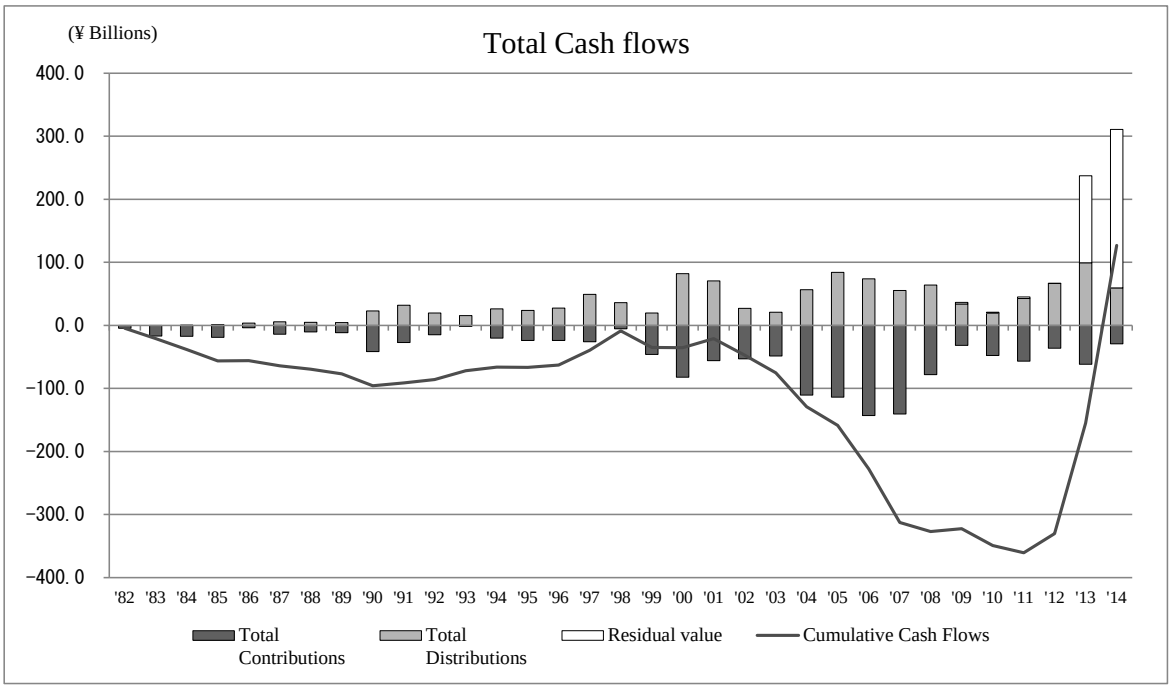
Note: Each range of IRR is “x% and over but less than xx%”.

(2) Cash flow and performance of all funds

The next table shows the cash flow for individual funds by vintage year, and the computed results of the distribution to paid-in ratio (DPI) and the total value to paid-in ratio (TVPI).

Note: For years 1986, 1993 and 1994, only one fund was under survey. To avoid disclosing the performance of individual funds, no data are shown.

Vintage Year	Number of Funds	DPI	TVPI
'82	2	3.13	3.13
'83	5	2.74	2.74
'84	4	2.68	2.68
'85	5	2.18	2.18
'86	1	-	-
'87	3	1.40	1.40
'88	2	1.01	1.01
'89	4	0.87	0.87
'90	4	1.04	1.04
'91	8	1.15	1.15
'92	4	1.33	1.33
'93	1	-	-
'94	1	-	-
'95	5	1.86	1.86
'96	7	1.10	1.10
'97	7	3.23	3.23
'98	4	1.14	1.14
'99	13	1.25	1.27
'00	27	0.91	0.93
'01	21	0.68	0.75
'02	25	0.60	0.70
'03	16	0.58	0.61
'04	37	0.93	1.21
'05	50	0.35	0.57
'06	24	0.33	0.88
'07	22	0.34	0.98
'08	15	0.29	0.90
'09	6	0.15	0.78
'10	11	0.10	0.93
'11	10	0.05	0.89
'12	9	0.00	0.86
'13	19	0.00	1.01
'14	2	0.00	0.99
Total	374	0.81	1.09



（Yen billions）

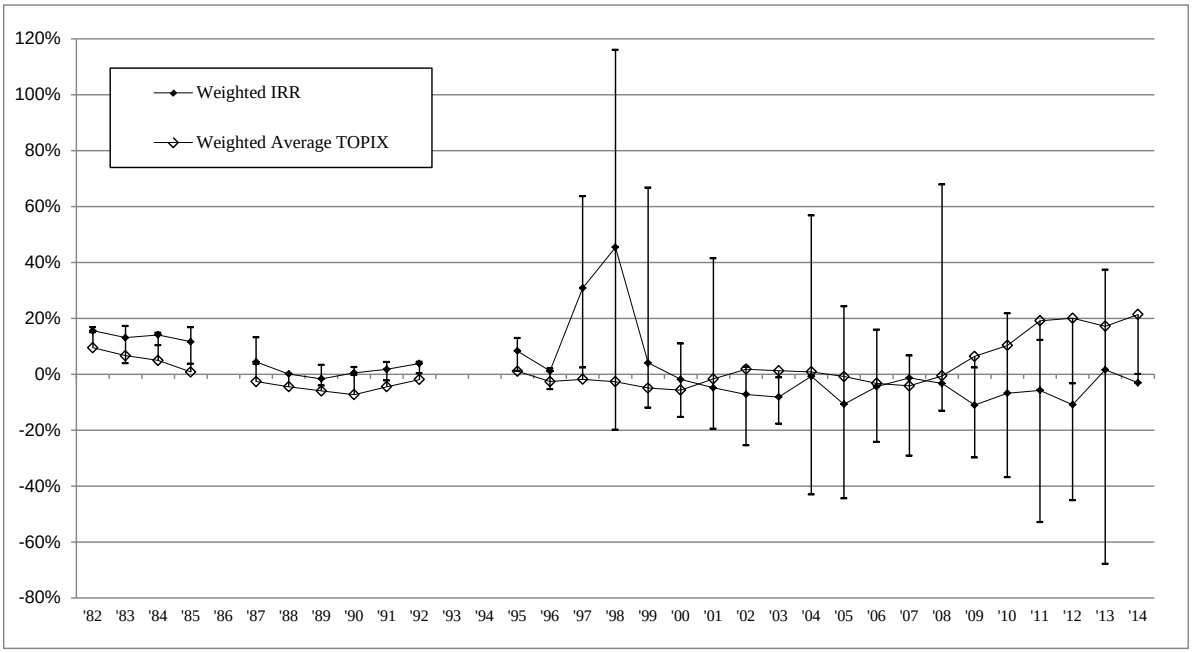
Vintage Year	Total Contributions	Total Distributions	Residual value	Cumulative Cash Flows
'82	-4.4	0	0	-4.4
'83	-16.8	0	0	-21.2
'84	-17.3	0	0	-38.4
'85	-18.8	1.0	0	-56.2
'86	-3.7	3.8	0	-56.1
'87	-14.0	5.8	0	-64.3
'88	-10.3	4.9	0	-69.7
'89	-11.4	4.3	0	-76.8
'90	-41.7	22.8	0	-95.7
'91	-27.1	31.8	0	-91.1
'92	-14.6	19.8	0	-85.9
'93	-1.9	15.7	0	-72.1
'94	-20.4	26.4	0	-66.1
'95	-24.0	23.7	0	-66.4
'96	-24.0	27.5	0	-62.9
'97	-25.9	49.2	0	-39.6
'98	-5.4	36.2	0	-8.9
'99	-46.0	19.7	0	-35.1
'00	-82.3	82.0	0	-35.5
'01	-56.0	70.5	0	-21.0
'02	-53.2	27.1	0	-47.1
'03	-48.7	20.7	0	-75.1
'04	-110.7	56.6	0	-129.1
'05	-113.8	84.3	0	-158.7
'06	-142.8	73.9	0	-227.6
'07	-140.4	55.4	0	-312.6
'08	-78.2	63.9	0	-327.0
'09	-31.8	34.1	2.3	-322.4
'10	-47.7	19.2	1.5	-349.4
'11	-56.5	42.5	2.5	-360.9
'12	-36.3	66.6	0.4	-330.2
'13	-61.8	99.2	138.0	-154.8
'14	-29.1	59.5	251.5	127.1
Total	-1,417.1	1,148.0	396.2	

Regarding fund performance, cumulative cash flows [(distribution + residual value) －contribution] has been rising sharply according to a leap in residual value.

5. IRR by vintage year

Here, the capital weighted average IRR based on calculating IRR for each fund and the performance of the stock market (TOPIX) are compared.

*For years 1986, 1993 and 1994, only one fund was under survey. To avoid disclosing the performance of individual funds, no data are shown.



Vintage Year	Number of Funds	Pooled IRR	Weighted IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	Weighted Average TOPIX
'82	2	15.61%	15.59%	15.84%	1.29%	16.75%	16.29%	15.84%	15.38%	14.93%	9.46%
'83	5	13.83%	13.07%	8.76%	6.13%	17.16%	13.44%	4.92%	4.42%	3.84%	6.63%
'84	4	14.17%	14.06%	13.05%	2.00%	14.82%	14.40%	13.51%	12.16%	10.35%	4.93%
'85	5	10.91%	11.62%	9.81%	4.64%	16.76%	10.14%	9.20%	9.20%	3.72%	0.81%
'86	1	-	-	-	-	-	-	-	-	-	-
'87	3	4.23%	4.40%	6.80%	5.48%	13.12%	8.38%	3.64%	3.64%	3.64%	-2.64%
'88	2	0.10%	0.10%	0.10%	0.03%	0.12%	0.11%	0.10%	0.09%	0.08%	-4.49%
'89	4	-1.60%	-1.65%	-1.39%	3.51%	3.24%	0.39%	-2.34%	-4.12%	-4.12%	-5.97%
'90	4	0.50%	0.51%	0.69%	1.32%	2.51%	1.23%	0.29%	-0.25%	-0.33%	-7.32%
'91	8	2.04%	1.77%	0.84%	2.27%	4.31%	2.06%	1.35%	-0.92%	-2.30%	-4.48%
'92	4	4.03%	3.80%	3.17%	1.98%	4.40%	4.39%	4.02%	2.80%	0.25%	-1.91%
'93	1	-	-	-	-	-	-	-	-	-	-
'94	1	-	-	-	-	-	-	-	-	-	-
'95	5	9.13%	8.32%	8.66%	4.65%	12.89%	10.92%	10.90%	7.47%	1.11%	1.05%
'96	7	1.18%	1.16%	-0.69%	2.85%	2.01%	1.65%	0.06%	-2.40%	-5.38%	-2.61%
'97	7	30.71%	30.79%	15.18%	21.84%	63.65%	12.50%	6.22%	4.52%	2.34%	-1.79%
'98	4	3.11%	45.38%	25.02%	61.74%	116.02%	35.04%	1.98%	-8.05%	-19.91%	-2.68%
'99	13	5.10%	4.06%	3.15%	20.10%	66.73%	3.44%	0.18%	-9.16%	-11.98%	-4.93%
'00	27	-1.29%	-1.87%	-2.42%	6.97%	10.92%	1.01%	-2.31%	-8.74%	-15.33%	-5.67%
'01	21	-4.44%	-4.86%	-5.52%	12.71%	41.42%	-1.87%	-5.10%	-12.80%	-19.56%	-1.69%
'02	25	-5.20%	-7.20%	-11.10%	7.96%	2.69%	-6.13%	-11.70%	-18.01%	-25.47%	1.81%
'03	16	-8.73%	-8.16%	-9.77%	5.21%	-1.23%	-6.56%	-8.09%	-14.72%	-17.73%	1.23%
'04	37	3.28%	-0.75%	-6.72%	15.62%	56.79%	-1.83%	-9.78%	-14.55%	-43.10%	0.85%
'05	50	-8.99%	-10.76%	-11.92%	11.69%	24.23%	-4.28%	-11.79%	-19.73%	-44.44%	-0.83%
'06	24	-2.22%	-4.42%	-10.81%	9.18%	15.93%	-4.32%	-12.76%	-17.80%	-24.31%	-3.26%
'07	22	-0.41%	-1.36%	-7.83%	9.31%	6.66%	-1.11%	-7.95%	-13.20%	-29.20%	-4.18%
'08	15	-2.79%	-3.32%	-0.04%	19.68%	67.86%	1.20%	-5.07%	-9.41%	-13.12%	-0.61%
'09	6	-8.48%	-11.03%	-8.52%	12.59%	2.32%	-0.30%	-3.13%	-14.29%	-29.84%	6.37%
'10	11	-3.51%	-6.78%	-6.31%	15.02%	21.77%	-0.05%	-5.12%	-13.02%	-36.93%	10.29%
'11	10	-6.34%	-5.77%	-8.74%	17.68%	12.20%	-3.40%	-7.17%	-10.88%	-52.98%	19.13%
'12	9	-11.09%	-10.92%	-11.02%	13.24%	-3.32%	-3.39%	-6.53%	-11.42%	-45.10%	20.04%
'13	19	1.04%	1.58%	-7.94%	20.95%	37.38%	1.37%	-9.63%	-15.21%	-67.89%	17.17%
'14	2	-3.04%	-3.04%	-1.52%	2.15%	0.00%	-0.76%	-1.52%	-2.28%	-3.04%	21.37%
Total	374	2.53%	-0.99%	-4.76%	15.59%	116.02%	1.63%	-5.09%	-12.79%	-67.89%	-0.58%

Management situation by vintage year

(1) Funds starting in 1982

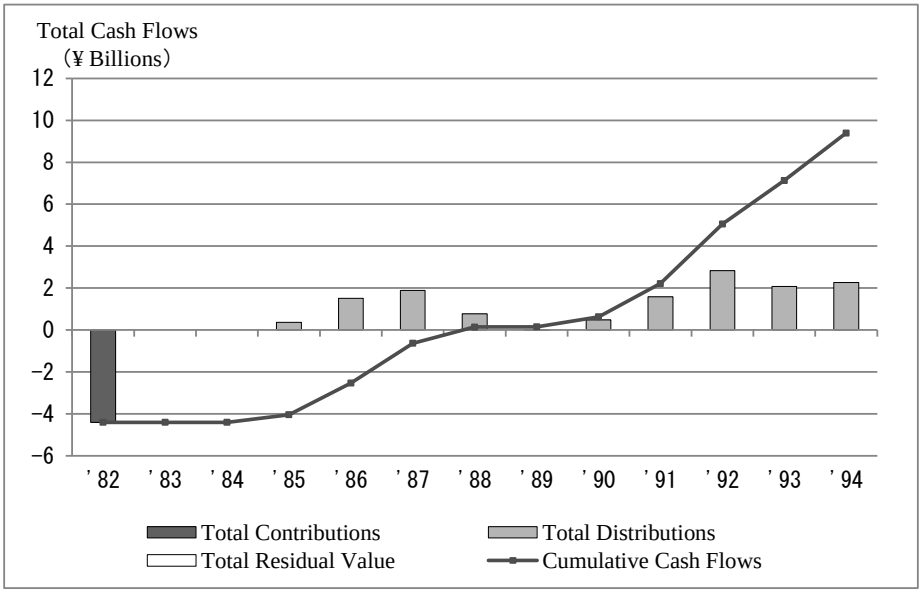
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1982	2	15.61%	15.59%	15.84%	1.29%	16.75%	16.29%	15.84%	15.38%	14.93%	3.13	3.13
Liquidated	2	15.61%	15.59%	15.84%	1.29%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥ 4.4 billion
Average Contributions	¥ 2.2 billion

Average Term	11.8 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	2	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	2	0	0	0	0

	Hokkaido	Tohoku	Kanto （excl. Tokyo）	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	2

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	2	0

(2) Funds starting in 1983

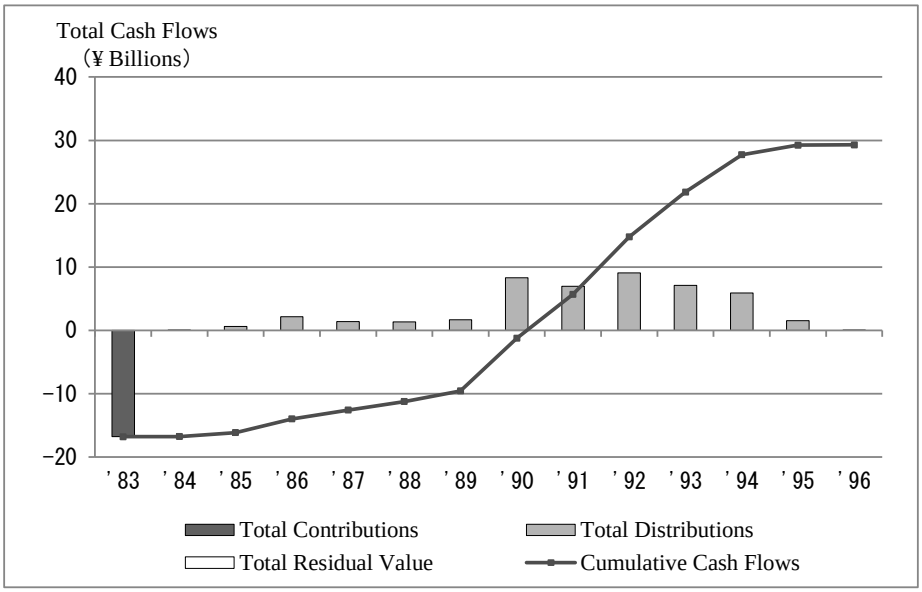
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1983	5	13.83%	13.07%	8.76%	6.13%	17.16%	13.44%	4.92%	4.42%	3.84%	2.74	2.74
Liquidated	5	13.83%	13.07%	8.76%	6.13%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥16.8 billion
Average Contributions	¥3.4 billion

Average Term	12 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	5	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	1	0	0	1	1	0	2	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	5

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	5	0

(3) Funds starting in 1984

	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1984	4	14.17%	14.06%	13.05%	2.00%	14.82%	14.40%	13.51%	12.16%	10.35%	2.68	2.68
Liquidated	4	14.17%	14.06%	13.05%	2.00%							
Existing	0	NA	NA	NA	NA							

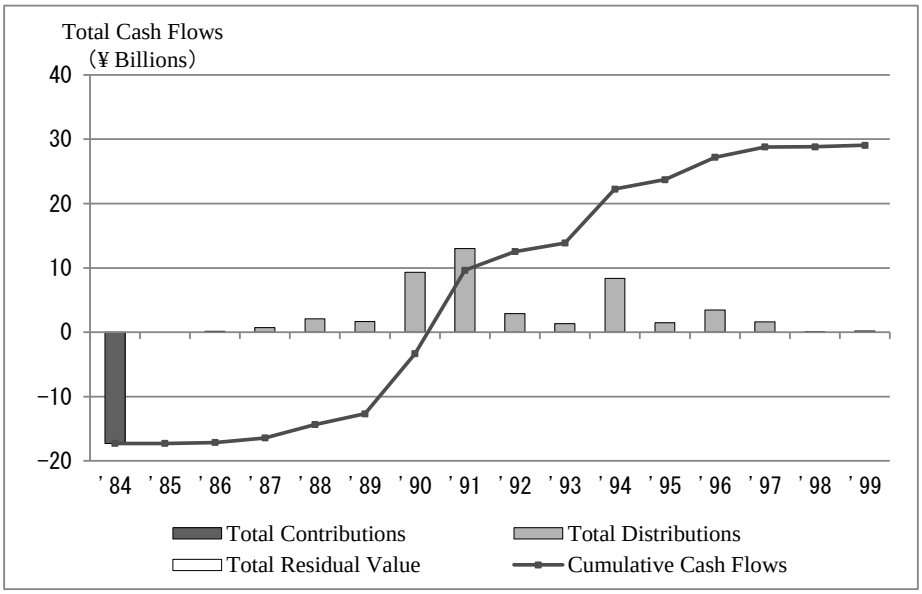
Total Contributions	¥17.3 billion
Average Contributions	¥4.3 billion

Average Term	14.1年

(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	3	1	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	3	0	0	1	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	4

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	4	0

(4) Funds starting in 1985

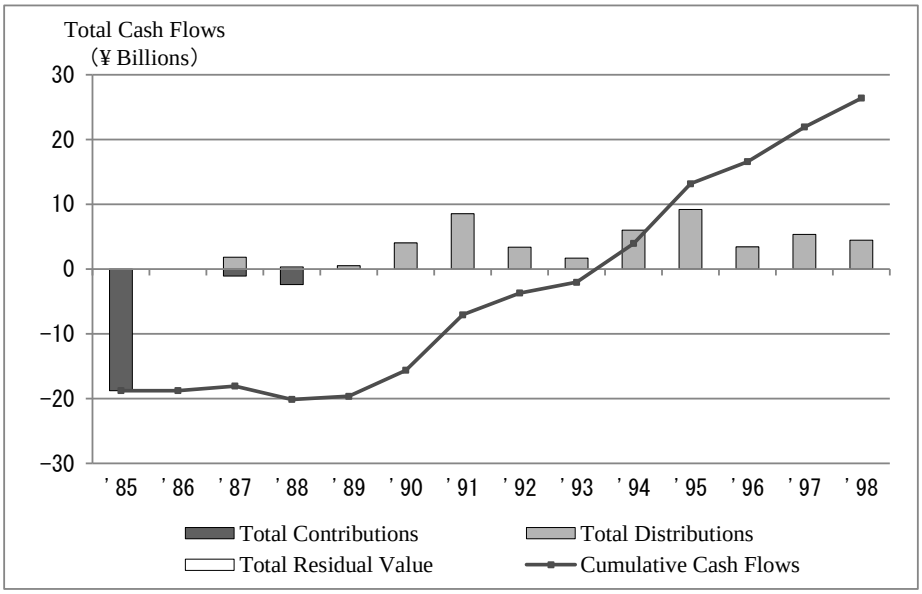
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1985	5	10.91%	11.62%	9.81%	4.64%	16.76%	10.14%	9.20%	9.20%	3.72%	2.18	2.18
Liquidated	5	10.91%	11.62%	9.81%	4.64%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥ 25.1 billion
Average Contributions	¥ 5.0 billion

Average Term	12.2 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	4	1	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	4	0	0	1	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	5

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	5	0

(5) Funds starting in 1986

	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1986	1	-	-	-	-	-	-	-	-	-	-	-
Liquidated	1	-	-	-	-							
Existing	0	-	-	-	-							

Total Contributions	￥3.7 billion
Average Contributions	￥3.7 billion

Average Term	12 years

(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Only one fund was under survey.
No data are shown to avoid disclosing the performance of individual funds.

Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	1	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	1	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	0

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	0	1

(6) Funds starting in 1987

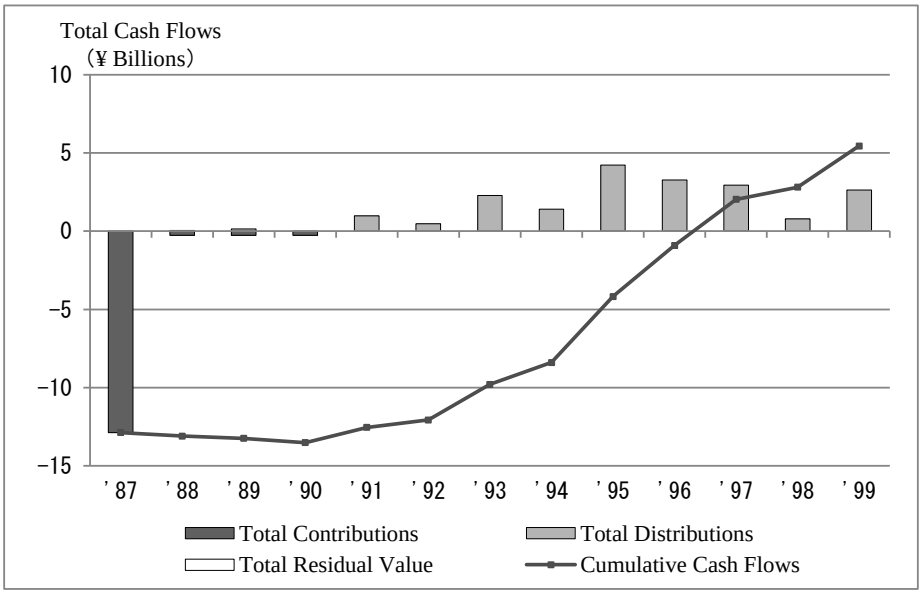
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1987	3	4.23%	4.40%	6.80%	5.48%	13.12%	8.38%	3.64%	3.64%	3.64%	1.40	1.40
Liquidated	3	4.23%	4.40%	6.80%	5.48%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥13.7 billion
Average Contributions	¥4.6 billion

Average Term	12.1 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	3	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	3	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	2

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	2	1

(7) Funds starting in 1988

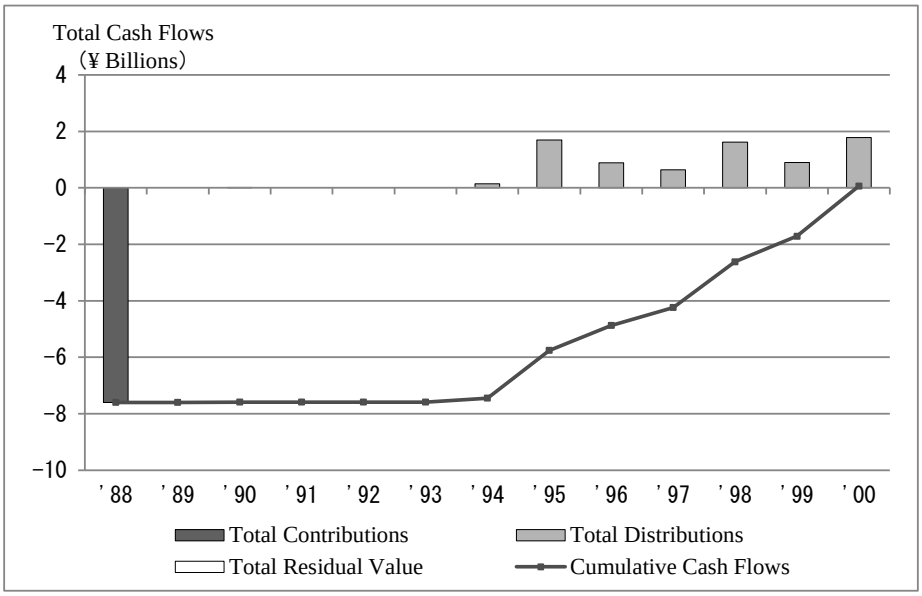
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1988	2	0.10%	0.10%	0.10%	0.03%	0.12%	0.11%	0.10%	0.09%	0.08%	1.01	1.01
Liquidated	2	0.10%	0.10%	0.10%	0.03%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥7.6 billion
Average Contributions	¥3.8 billion

Average Term	12 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	2	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	2	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	2

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	2	0

(8) Funds starting in 1989

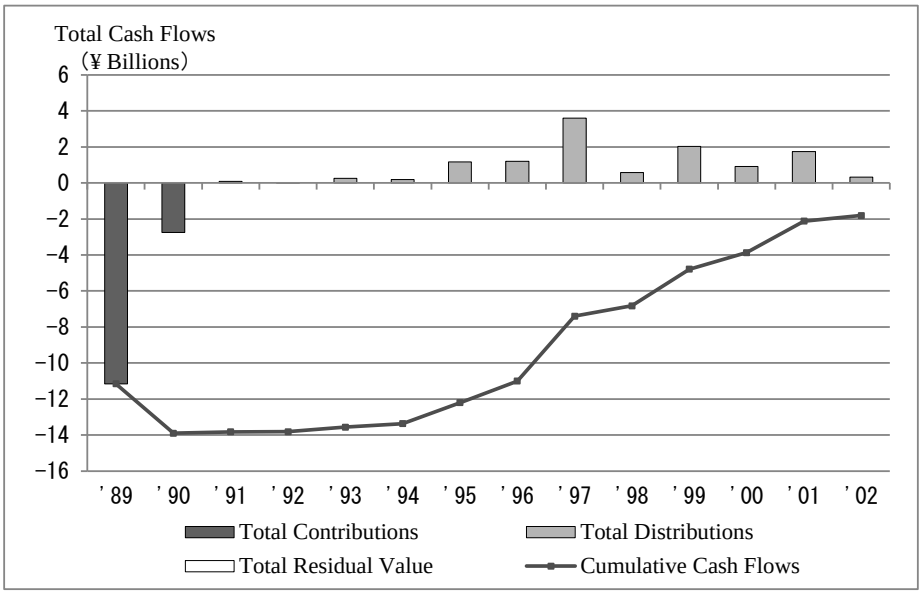
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1989	4	-1.60%	-1.65%	-1.39%	3.51%	3.24%	0.39%	-2.34%	-4.12%	-4.12%	0.87	0.87
Liquidated	4	-1.60%	-1.65%	-1.39%	3.51%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥13.9 billion
Average Contributions	¥3.5 billion

Average Term	11.9 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	4	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	3	0	0	1	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	2

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	2

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	2	2

(9) Funds starting in 1990

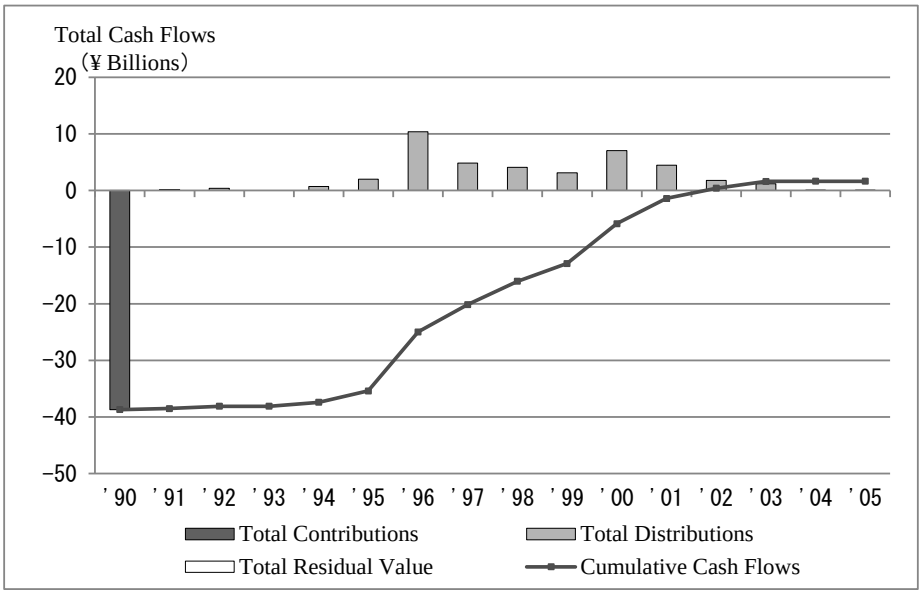
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1990	4	0.50%	0.51%	0.69%	1.32%	2.51%	1.23%	0.29%	-0.25%	-0.33%	1.04	1.04
Liquidated	4	0.50%	0.51%	0.69%	1.32%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥38.7 billion
Average Contributions	¥9.7 billion

Average Term	12.7 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	4	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	4	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	3

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	3	1

(10) Funds starting in 1991

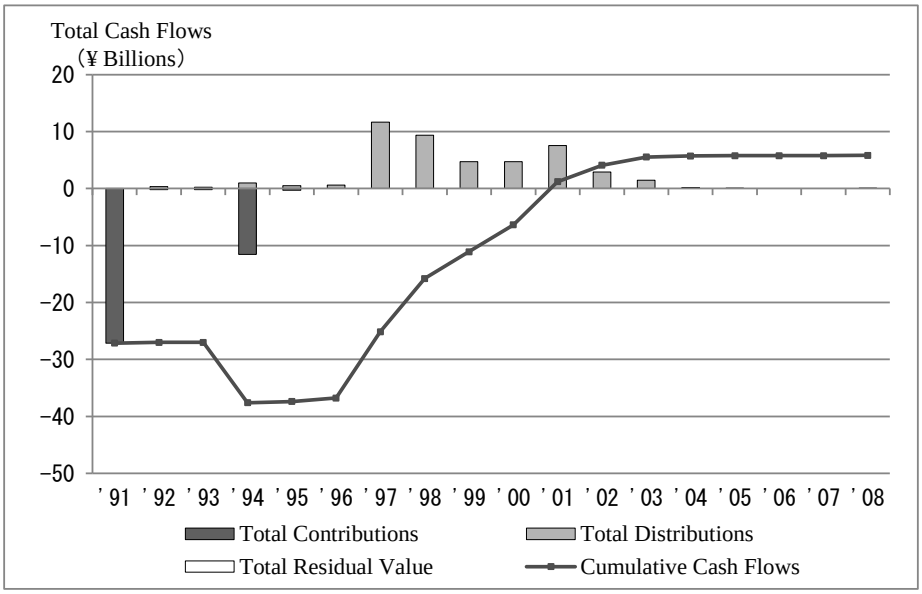
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1991	8	2.04%	1.77%	0.84%	2.27%	4.31%	2.06%	1.35%	-0.92%	-2.30%	1.15	1.15
Liquidated	8	2.04%	1.77%	0.84%	2.27%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥ 39.4 billion
Average Contributions	¥ 4.9 billion

Average Term	12.8 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	8	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	7	0	0	1	0

	Hokkaido	Tohoku	Kanto （excl. Tokyo）	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	5

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	3

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	4	4

(11) Funds starting in 1992

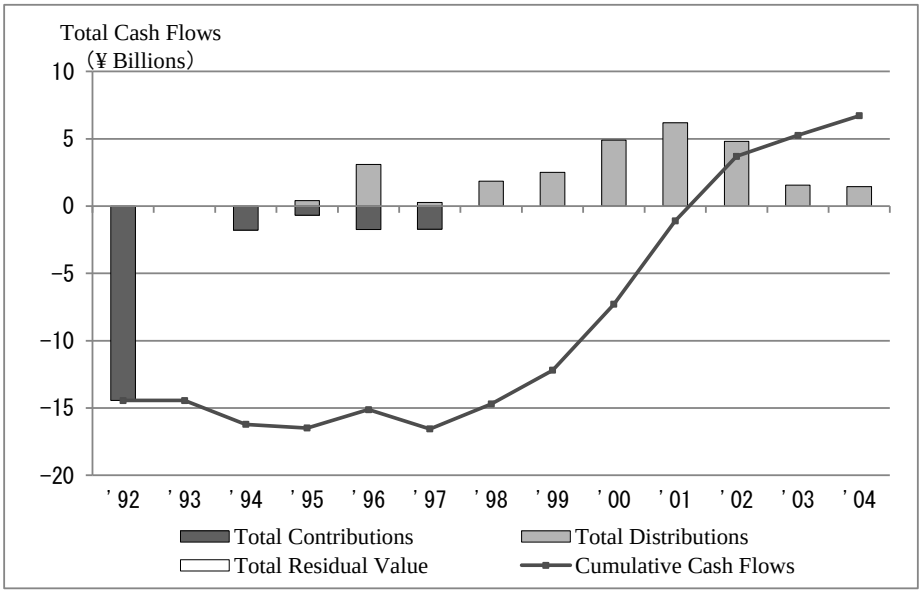
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1992	4	4.03%	3.80%	3.17%	1.98%	4.40%	4.39%	4.02%	2.80%	0.25%	1.33	1.33
Liquidated	4	4.03%	3.80%	3.17%	1.98%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥21.7 billion
Average Contributions	¥5.4 billion

Average Term	12.1 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	3	1	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	4	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	4

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	4	0

(12) Funds starting in 1993

	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2013	1	-	-	-	-	-	-	-	-	-	-	-
Liquidated	1	-	-	-	-							
Existing	0	-	-	-	-							

Total Contributions	￥1.7 billion
Average Contributions	￥1.7 billion

Average Term	11.4 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Only one fund was under survey.
No data are shown to avoid disclosing the performance of individual funds.

Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	1	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	1	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	0

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	0	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	1	0	0	0	0	0	0	0

(13) Funds starting in 1994

	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1994	1	-	-	-	-	-	-	-	-	-	-	-
Liquidated	1	-	-	-	-							
Existing	0	-	-	-	-							

Total Contributions	￥7.0 billion
Average Contributions	￥7.0 billion

Average Term	12.1 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Only one fund was under survey.
No data are shown to avoid disclosing the performance of individual funds.

Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	1	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	1	0	0	0	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	0

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	1	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	1	0	0	0	0	0	0	0	0	0	0	0

(14) Funds starting in 1995

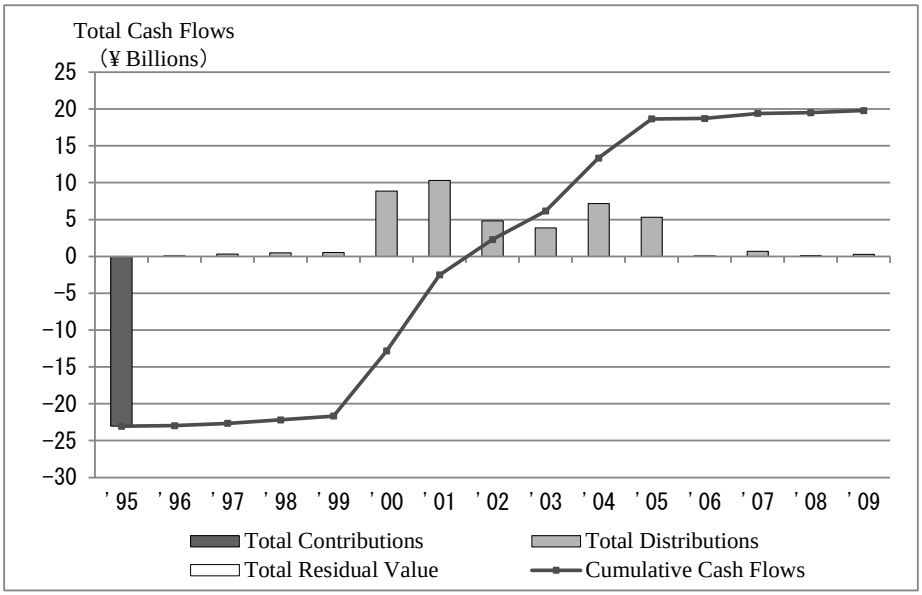
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1995	5	9.13%	8.32%	8.66%	4.65%	12.89%	10.92%	10.90%	7.47%	1.11%	1.86	1.86
Liquidated	5	9.13%	8.32%	8.66%	4.65%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥ 23.1 billion
Average Contributions	¥ 4.6 billion

Average Term	12.6 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	5	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	0	0	0	4	0	0	1	0

	Hokkaido	Tohoku	Kanto （excl. Tokyo）	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	0	0	0	4

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	1	0	0	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	1	0	0	0	0	0	0	4	0

(15) Funds starting in 1996

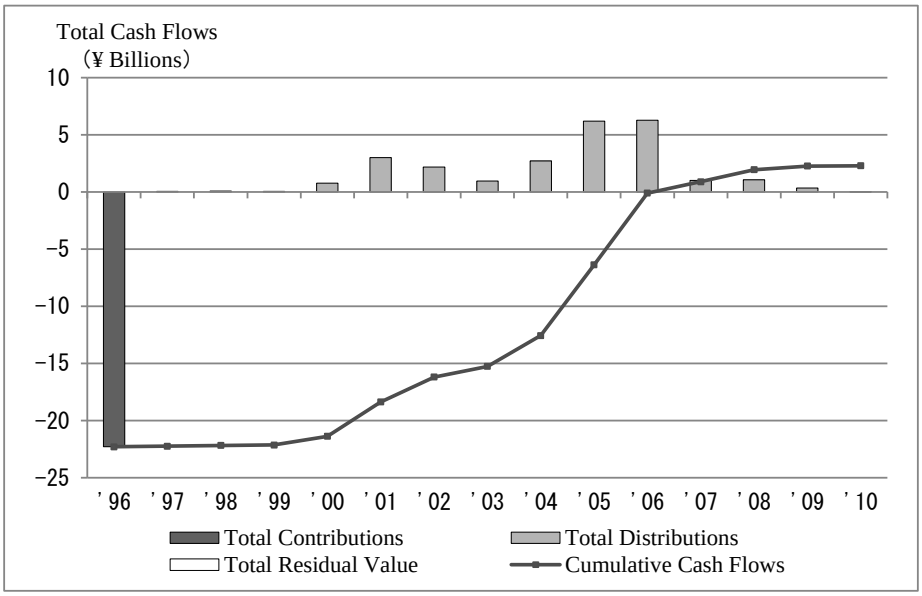
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1996	7	1.18%	1.16%	-0.69%	2.85%	2.01%	1.65%	0.06%	-2.40%	-5.38%	1.10	1.10
Liquidated	7	1.18%	1.16%	-0.69%	2.85%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥22.3 billion
Average Contributions	¥3.2 billion

Average Term	12 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	7	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	1	2	0	0	2	0	0	2	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	1	0	1	0	1	1

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	3	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	0	0	0	0	7	0

(16) Funds starting in 1997

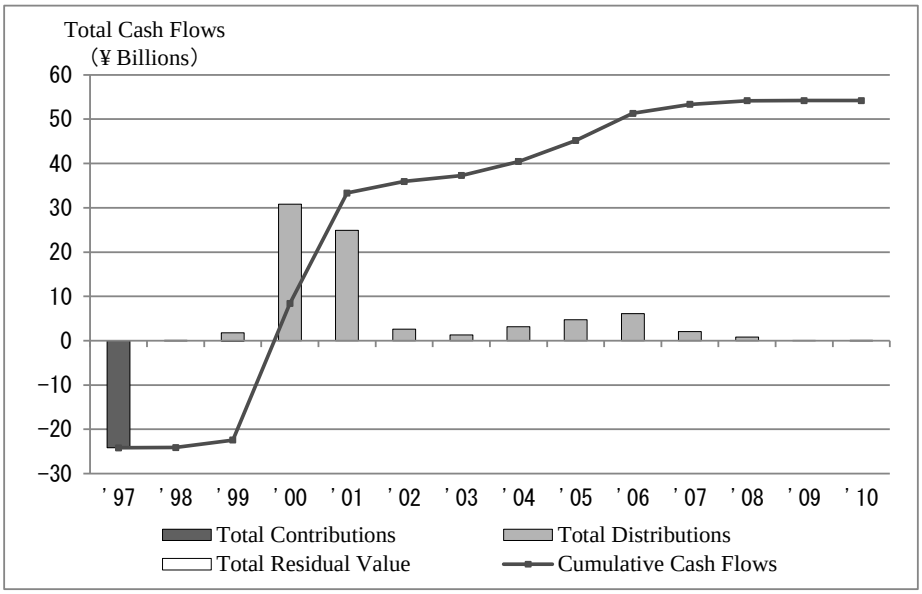
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1997	7	30.71%	30.79%	15.18%	21.84%	63.65%	12.50%	6.22%	4.52%	2.34%	3.23	3.23
Liquidated	7	30.71%	30.79%	15.18%	21.84%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥24.3 billion
Average Contributions	¥3.5 billion

Average Term	11.6 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	0	6	1	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	3	0	0	4	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	1	0	1	0	0	0	0	0	0	3

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	1	0	1	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	1	0	0	0	0	0	0	0	0	0	6	0

(17) Funds starting in 1998

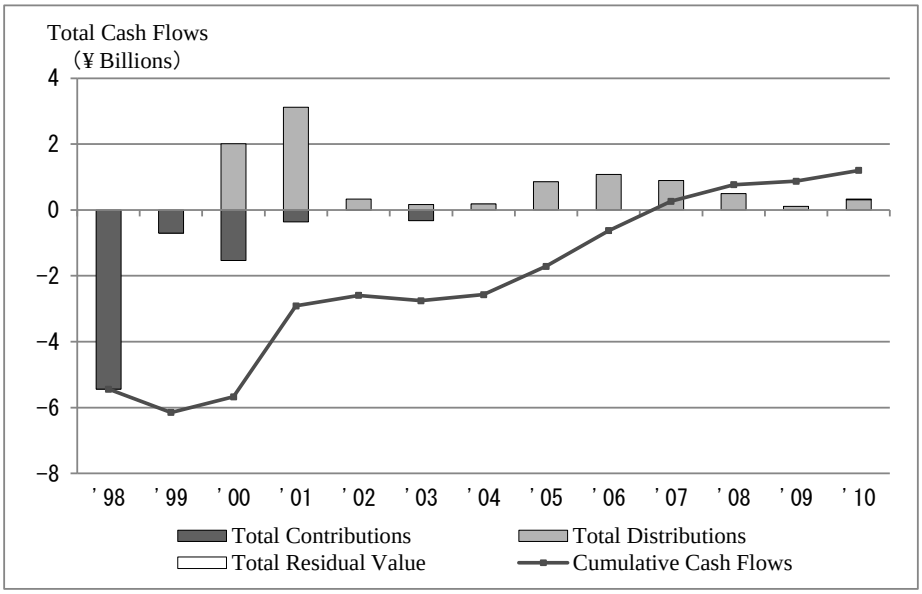
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1998	4	3.11%	45.38%	25.02%	61.74%	116.02%	35.04%	1.98%	-8.05%	-19.91%	1.14	1.14
Liquidated	4	3.11%	45.38%	25.02%	61.74%							
Existing	0	NA	NA	NA	NA							

Total Contributions	¥ 9.3 billion
Average Contributions	¥ 2.3 billion

Average Term	11 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	1	2	1	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	2	1	0	1	0	0	0	0

	Hokkaido	Tohoku	Kanto （excl. Tokyo）	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	2	1	0	0	0

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	1	0	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	1	0	0	0	0	0	0	1	0	0	2	0

(18) Funds starting in 1999

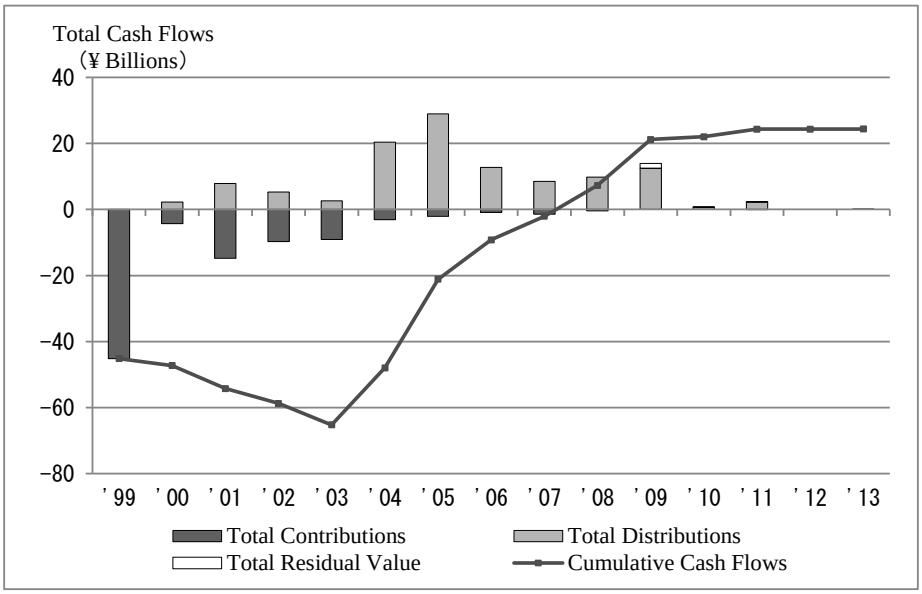
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 1999	13	5.10%	4.06%	3.15%	20.10%	66.73%	3.44%	0.18%	-9.16%	-11.98%	1.25	1.27
Liquidated	13	5.10%	4.06%	3.15%	20.10%							
Existing	0	NA	NA	NA	NA							

Total Contributions	￥91.0 billion
Average Contributions	￥7.0 billion

Average Term	11.6 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	5	7	1	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	5	1	0	3	1	0	3	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	2	0	0	1	0	0	0	7

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	3	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	1	0	0	0	0	0	12	0

(19) Funds starting in 2000

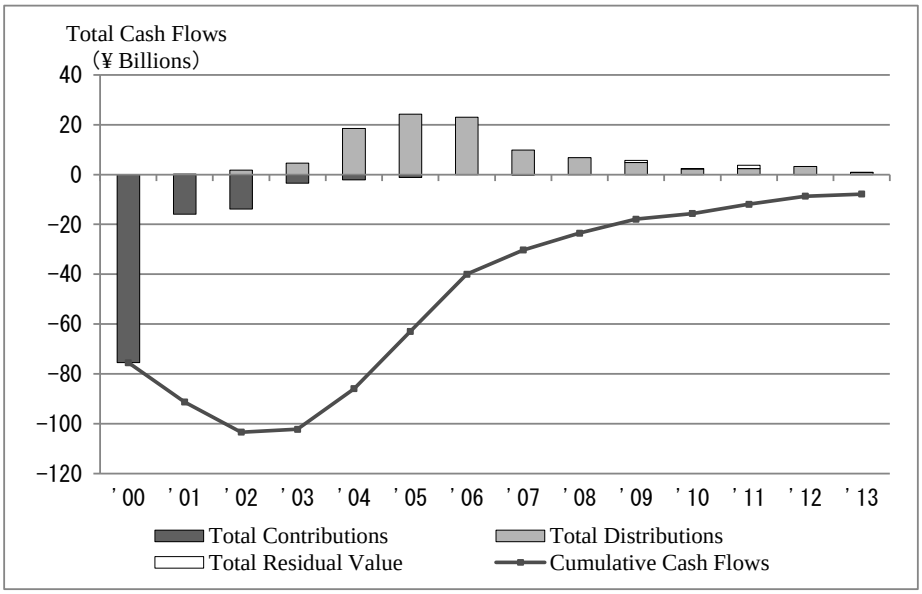
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2000	27	-1.29%	-1.87%	-2.42%	6.97%	10.92%	1.01%	-2.31%	-8.74%	-15.33%	0.91	0.93
Liquidated	25	-1.32%	-1.92%	-2.61%	7.19%							
Existing	2	0.27%	0.22%	-0.03%	3.23%							

Total Contributions	￥112.3 billion
Average Contributions	￥4.2 billion

Average Term	11.4 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	19	8	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	1	10	1	0	11	0	0	3	1

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	1	0	0	1	0	1	1	0	0	16

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	1	5	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	3	1	1	0	2	0	0	1	0	0	18	1

(20) Funds starting in 2001

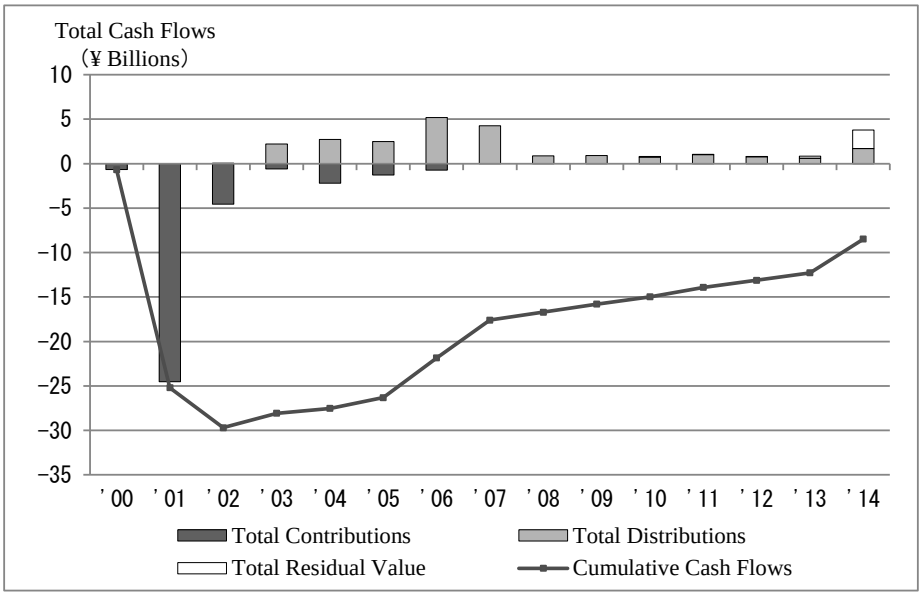
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2001	21	-4.44%	-4.86%	-5.52%	12.71%	41.42%	-1.87%	-5.10%	-12.80%	-19.56%	0.68	0.75
Liquidated	18	-5.59%	-5.42%	-5.96%	13.71%							
Existing	3	-2.08%	-2.34%	-2.85%	1.96%							

Total Contributions	¥ 34.5 billion
Average Contributions	¥ 1.6 billion

Average Term	10.2 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	17	4	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	1	11	2	0	6	0	0	1	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	1	2	1	4	0	0	2	9

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	1	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	2	0	0	0	0	1	18	0

(21) Funds starting in 2002

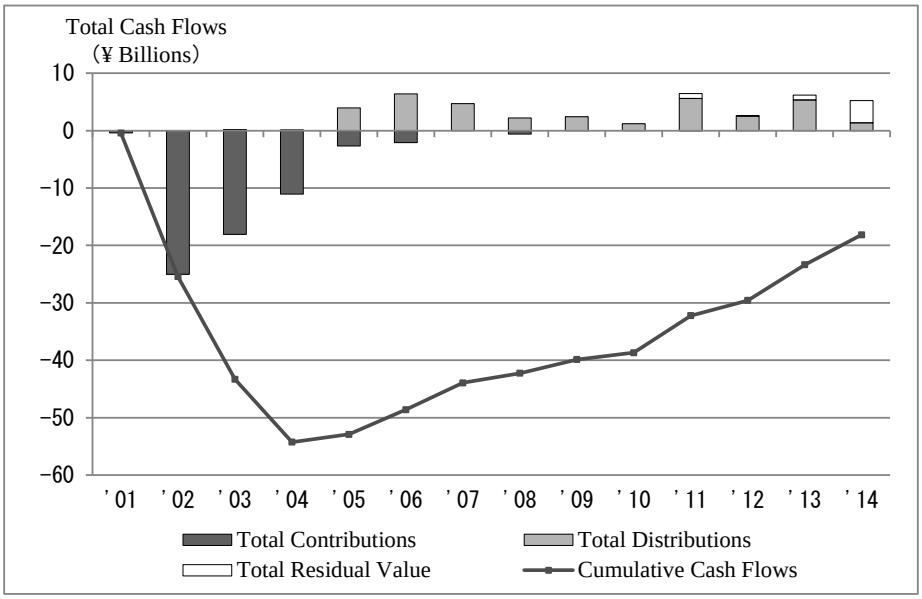
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2002	25	-5.20%	-7.20%	-11.10%	7.96%	2.69%	-6.13%	-11.70%	-18.01%	-25.47%	0.60	0.70
Liquidated	17	-11.46%	-11.93%	-12.37%	6.91%							
Existing	8	-0.73%	-1.28%	-8.40%	9.79%							

Total Contributions	￥59.9 billion
Average Contributions	￥2.4 billion

Average Term	10.6 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	22	2	0	1

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	3	9	2	0	6	0	0	2	3

	Hokkaido	Tohoku	Kanto （excl. Tokyo）	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	1	1	0	1	1	4	2	0	0	11

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	1	3

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	1	0	0	0	0	0	20	4

(22) Funds starting in 2003

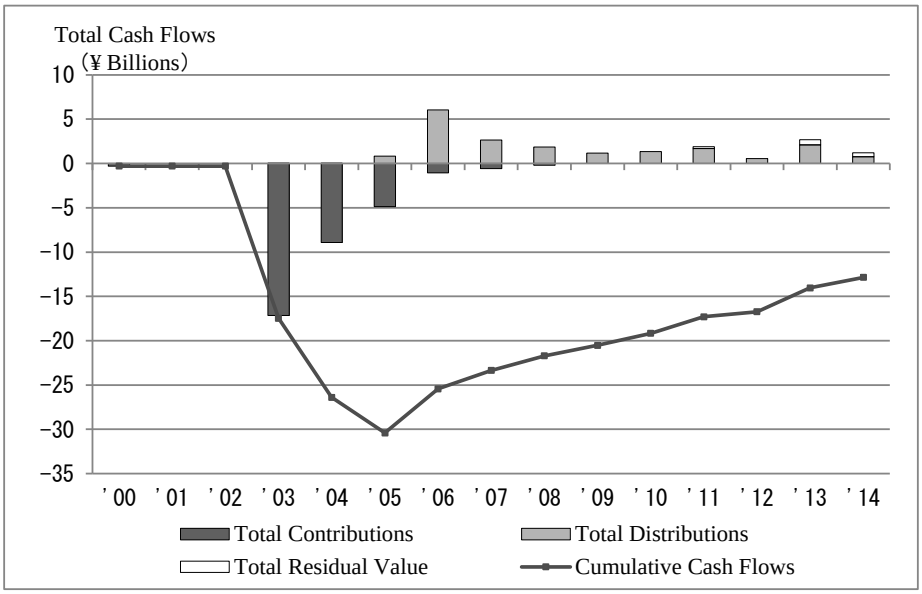
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2003	16	-8.73%	-8.16%	-9.77%	5.21%	-1.23%	-6.56%	-8.09%	-14.72%	-17.73%	0.58	0.61
Liquidated	11	-6.16%	-5.66%	-8.36%	4.81%							
Existing	5	-15.75%	-15.76%	-12.86%	5.14%							

Total Contributions	¥33.1 billion
Average Contributions	¥2.1 billion

Average Term	10.1 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	15	1	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	2	5	0	0	6	0	1	2	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	1	1	1	2	2	0	0	2	5

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	2	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	2	0	0	0	0	0	14	0

(23) Funds starting in 2004

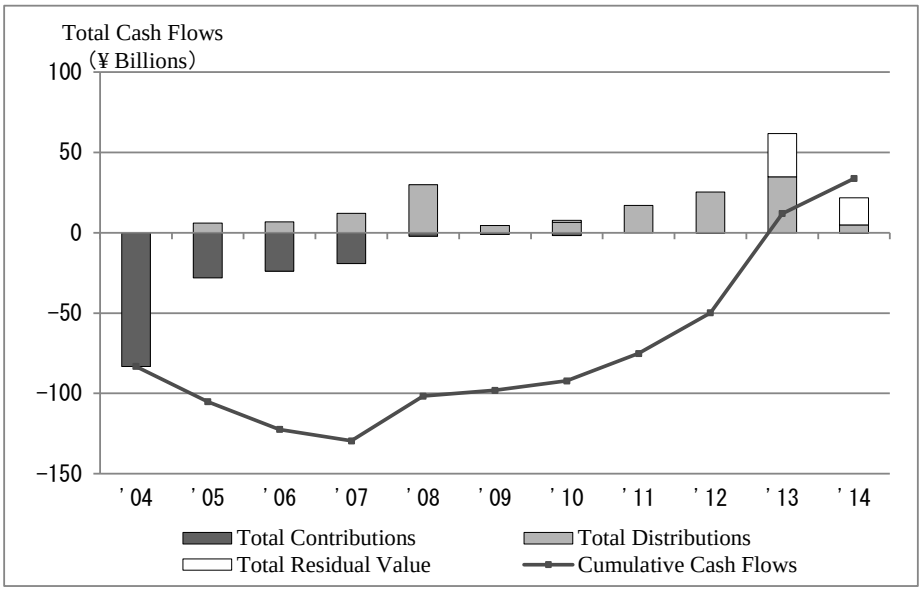
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2004	37	3.28%	-0.75%	-6.72%	15.62%	56.79%	-1.83%	-9.78%	-14.55%	-43.10%	0.93	1.21
Liquidated	9	-9.89%	-9.59%	-16.56%	11.68%							
Existing	28	3.90%	-0.07%	-3.56%	15.57%							

Total Contributions	¥ 159.3 billion
Average Contributions	¥ 4.3 billion

Average Term	9.4 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	32	4	1	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	2	16	3	0	12	2	0	0	2

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	1	1	4	3	2	2	0	2	2	14

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	1	0	2	3

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	1	4	1	1	1	0	0	26	3

(24) Funds starting in 2005

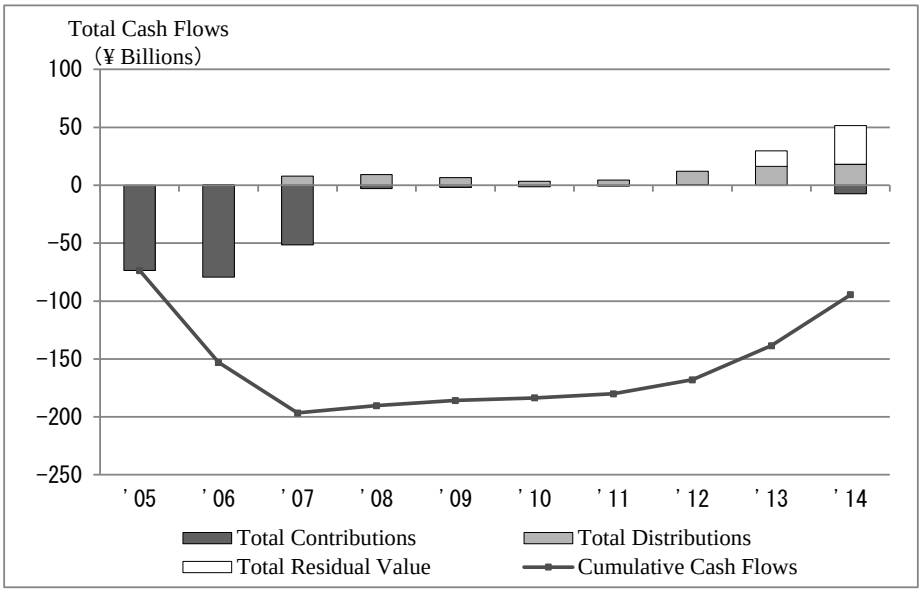
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2013	50	-8.99%	-10.76%	-11.92%	11.69%	24.23%	-4.28%	-11.79%	-19.73%	-44.44%	0.35	0.57
Liquidated	6	3.80%	2.38%	-10.31%	23.57%							
Existing	44	-9.25%	-11.08%	-12.14%	9.53%							

Total Contributions	¥218.9 billion
Average Contributions	¥4.4 billion

Average Term	8.5 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	47	3	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	2	16	0	0	21	1	1	6	3

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	1	1	3	3	4	5	2	0	3	21

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	1	3	3

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	1	0	1	6	0	0	0	1	0	37	4

(25) Funds starting in 2006

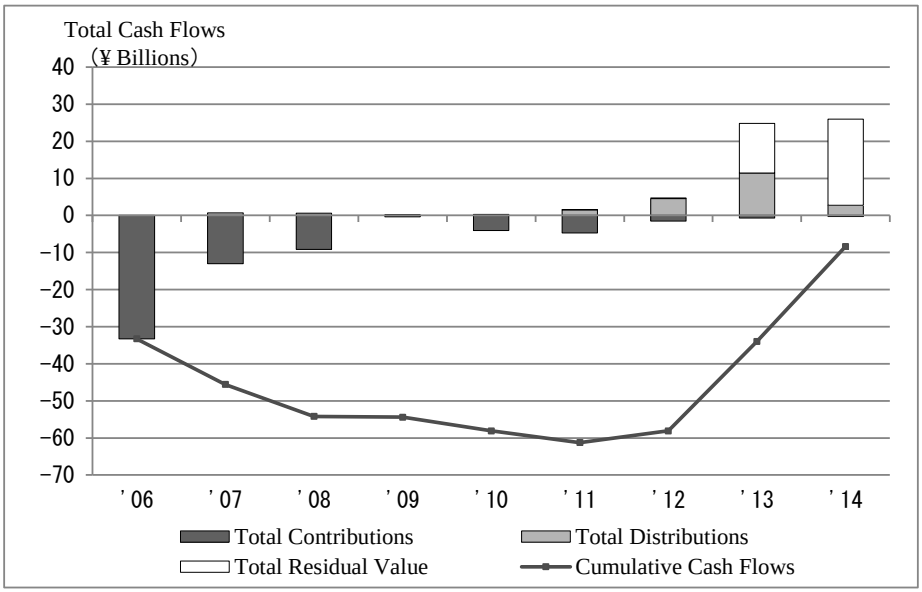
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2013	24	-2.22%	-4.42%	-10.81%	9.18%	15.93%	-4.32%	-12.76%	-17.80%	-24.31%	0.33	0.88
Liquidated	2	-23.18%	-23.03%	-21.17%	4.44%							
Existing	22	-1.90%	-3.86%	-9.87%	8.96%							

Total Contributions	￥67.1 billion
Average Contributions	￥2.8 billion

Average Term	7.8 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	21	1	2	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	1	9	2	0	7	0	0	4	1

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	2	1	1	3	3	1	1	0	0	8

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	3	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	2	1	0	0	0	0	2	0	0	1	17	1

(26) Funds starting in 2007

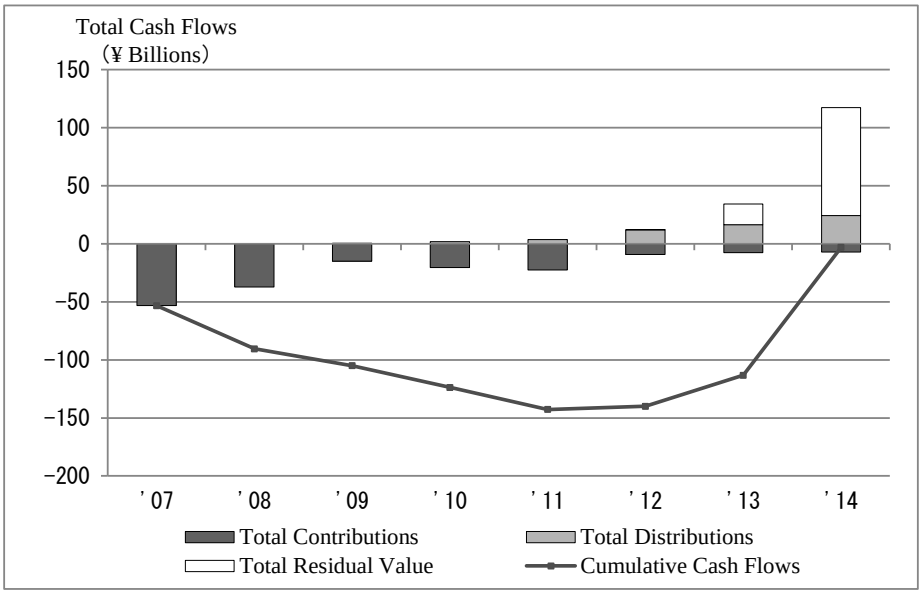
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2007	22	-0.41%	-1.36%	-7.83%	9.31%	6.66%	-1.11%	-7.95%	-13.20%	-29.20%	0.34	0.98
Liquidated	0	NA	NA	NA	NA							
Existing	22	-0.41%	-1.36%	-7.83%	9.31%							

Total Contributions	¥ 172.7 billion
Average Contributions	¥ 7.9 billion

Average Term	7 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	19	3	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	1	8	0	0	10	0	0	3	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	1	1	1	1	0	1	0	1	0	11

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	4	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	1	0	0	1	0	0	0	0	1	19	0

(27) Funds starting in 2008

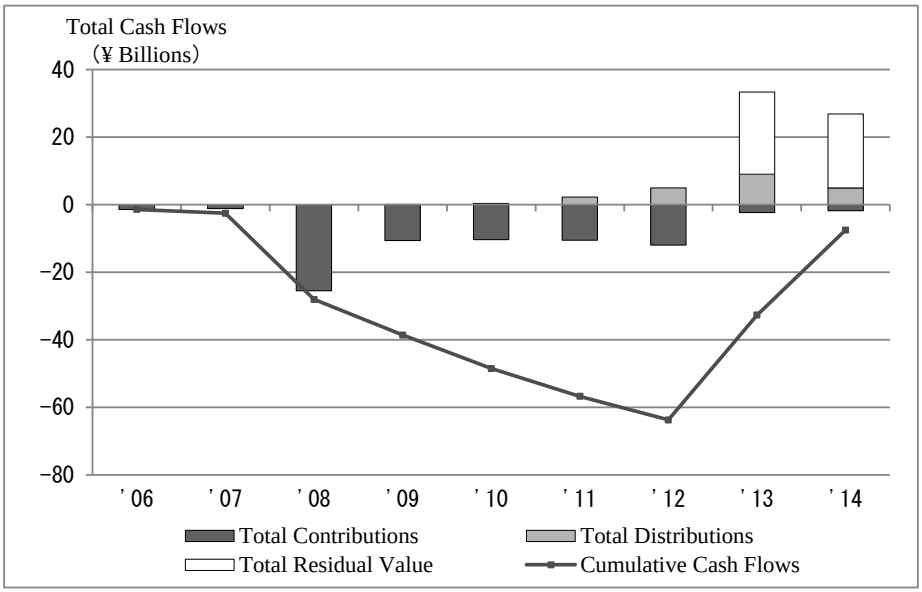
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2008	15	-2.79%	-3.32%	-0.04%	19.68%	67.86%	1.20%	-5.07%	-9.41%	-13.12%	0.29	0.90
Liquidated	0	NA	NA	NA	NA							
Existing	15	-2.79%	-3.32%	-0.04%	19.68%							

Total Contributions	¥75.5 billion
Average Contributions	¥5.0 billion

Average Term	6.1 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	15	0	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	1	3	1	0	7	0	0	3	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	1	0	1	0	1	2	0	1	7

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	2	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	1	1	0	0	0	0	0	0	0	13	0

(28) Funds starting in 2009

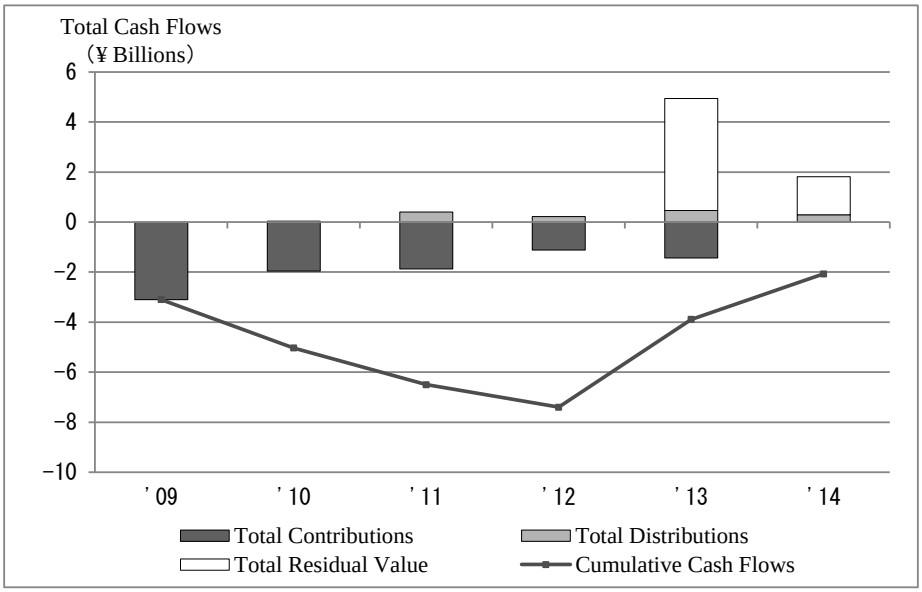
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2009	6	-8.48%	-11.03%	-8.52%	12.59%	2.32%	-0.30%	-3.13%	-14.29%	-29.84%	0.15	0.78
Liquidated	0	NA	NA	NA	NA							
Existing	6	-8.48%	-11.03%	-8.52%	12.59%							

Total Contributions	¥ 9.5 billion
Average Contributions	¥ 1.6 billion

Average Term	4.9 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	6	0	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	1	0	0	2	0	2	0	1

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	1	0	0	0	1	0	1	1

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	1	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	1	0	0	0	4	1

(29) Funds starting in 2010

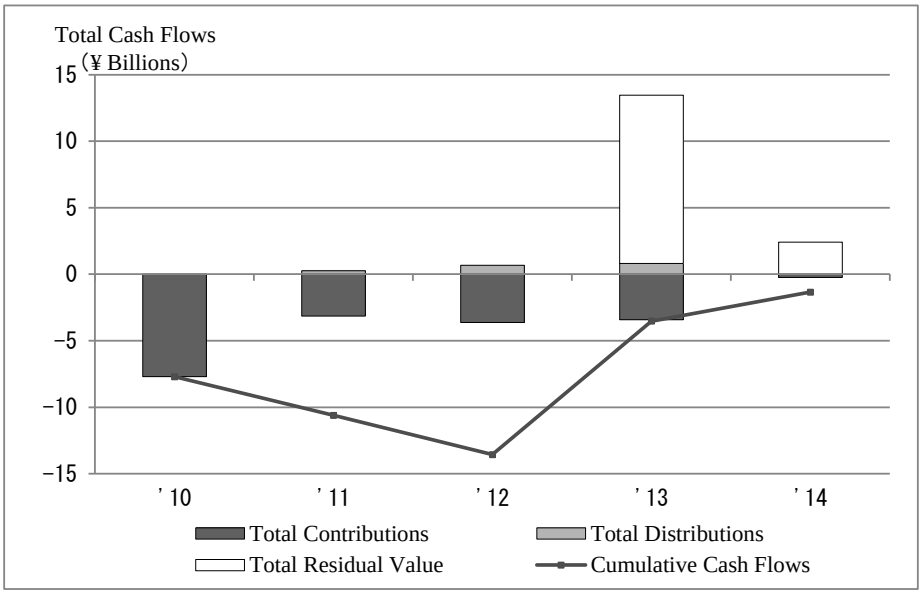
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2010	11	-3.51%	-6.78%	-6.31%	15.02%	21.77%	-0.05%	-5.12%	-13.02%	-36.93%	0.10	0.93
Liquidated	0	NA	NA	NA	NA							
Existing	11	-3.51%	-6.78%	-6.31%	15.02%							

Total Contributions	¥ 18.5 billion
Average Contributions	¥ 1.7 billion

Average Term	3.7 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	8	3	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	1	1	0	6	0	0	2	1

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	1	1	0	1	6

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	1	1	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	1	0	0	1	0	0	0	0	0	7	2

(30) Funds starting in 2011

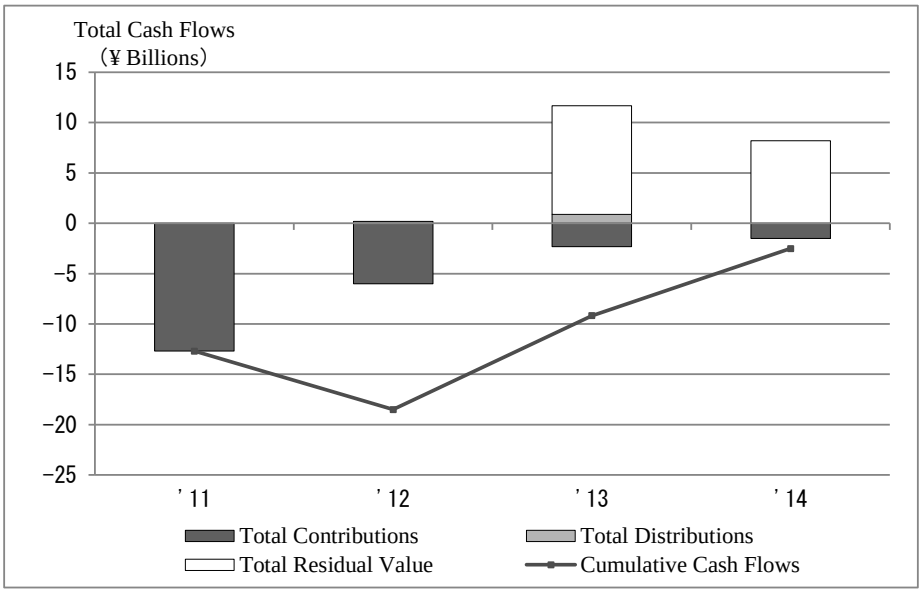
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2011	10	-6.34%	-5.77%	-8.74%	17.68%	12.20%	-3.40%	-7.17%	-10.88%	-52.98%	0.05	0.89
Liquidated	0	NA	NA	NA	NA							
Existing	10	-6.34%	-5.77%	-8.74%	17.68%							

Total Contributions	¥22.5 billion
Average Contributions	¥2.3 billion

Average Term	2.4 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	8	2	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	2	0	0	3	1	2	2	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	2	2	1	0	2	1	0	0	1

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	1	0	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	1	1	0	0	0	0	0	1	0	0	6	1

(31) Funds starting in 2012

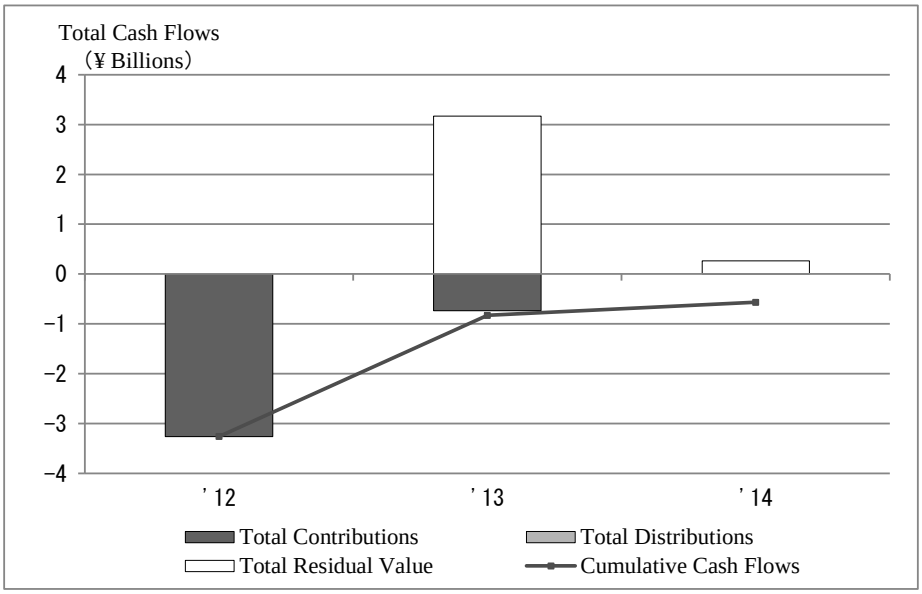
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2012	9	-11.09%	-10.92%	-11.02%	13.24%	-3.32%	-3.39%	-6.53%	-11.42%	-45.10%	0.00	0.86
Liquidated	0	NA	NA	NA	NA							
Existing	9	-11.09%	-10.92%	-11.02%	13.24%							

Total Contributions	￥4.0 billion
Average Contributions	￥0.4 billion

Average Term	1.8 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	9	0	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	1	3	0	1	2	0	0	1	1

	Hokkaido	Tohoku	Kanto （excl. Tokyo）	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	2	0	0	0	0	2	0	1	2

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	2	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	1	0	0	0	0	1	0	0	0	6	1

(32) Funds starting in 2013

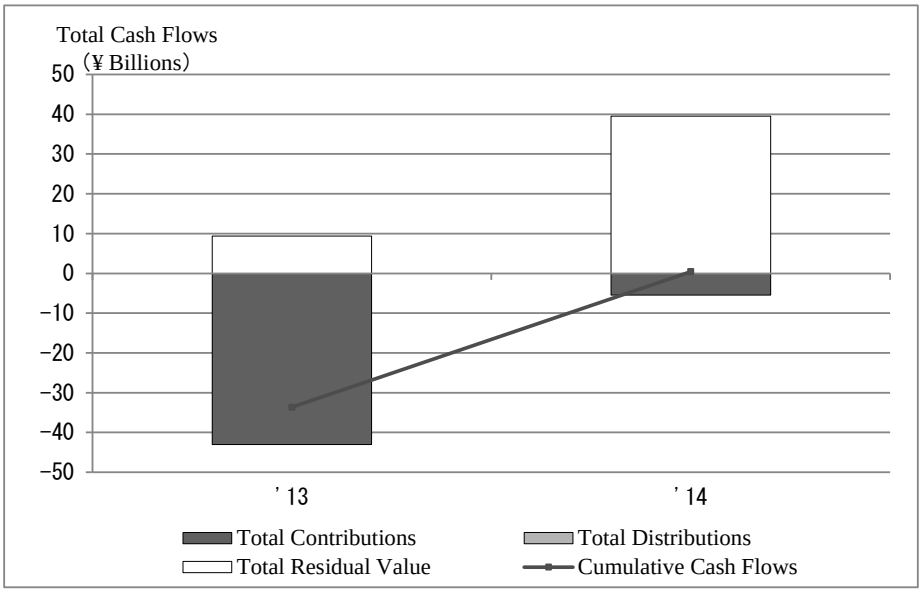
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2013	19	1.04%	1.58%	-7.94%	20.95%	37.38%	1.37%	-9.63%	-15.21%	-67.89%	0.00	1.01
Liquidated	0	NA	NA	NA	NA							
Existing	19	1.04%	1.58%	-7.94%	20.95%							

Total Contributions	¥ 48.5 billion
Average Contributions	¥ 2.6 billion

Average Term	1 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	19	0	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	4	1	0	9	1	2	0	2

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	1	0	2	1	0	2	1	0	9

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	2	1

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	1	1	0	1	0	0	0	0	0	14	2

(33) Funds starting in 2014

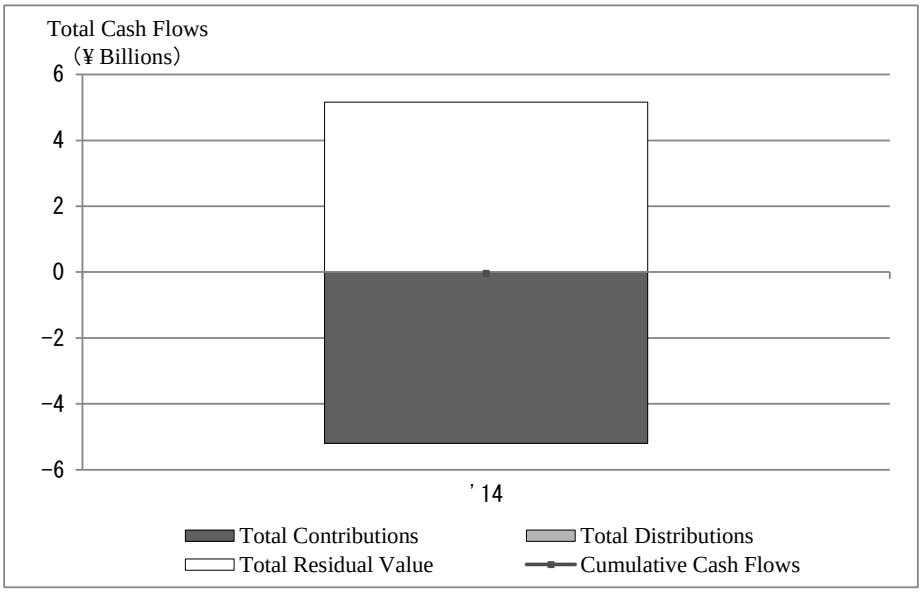
	Number of Funds	Pooled IRR	Weighted Average IRR	Average IRR	Standard Deviation	Maximum Value	1/4 from the top	Median	1/4 from the bottom	Minimum Value	DPI	TVPI
Funds formed in 2014	2	-3.04%	-3.04%	-1.52%	2.15%	0.00%	-0.76%	-1.52%	-2.28%	-3.04%	0.00	0.99
Liquidated	0	NA	NA	NA	NA							
Existing	2	-3.04%	-3.04%	-1.52%	2.15%							

Total Contributions	¥ 5.2 billion
Average Contributions	¥ 2.6 billion

Average Term	0.3 years	(From inception to either dissolution date or the end of June 2014, whichever comes first)

Cash Flows

Total cash inflows and outflows of the funds



Number of Funds by Characteristics

	Limited Partnerships	Volantary Partnerships	Foreign funds /Other	Unknown
Fund type	2	0	0	0

	Seed-stage	Early-stage	Expansion -stage	Later-stage	Balanced	Buyout	Recap/ Turnaround	Not Specified	Unknown
Investment focus by stage	0	2	0	0	0	0	0	0	0

	Hokkaido	Tohoku	Kanto (excl. Tokyo)	Tokyo	Chubu	Kinki	Chugoku	Shikoku	Kyushu and Okinawa	Mainly domestic
Investment focus by region	0	0	0	0	0	0	1	0	0	0

	Asia-Pacific	Europe	North America	Mainly Overseas	Not Specified	Unknown
Investment focus by region	0	0	0	0	1	0

	Telecommunications/Networking and Equipment	Computers and Peripherals /IT services	Software	Semi-conductors/ Electrical machinery & equipment	Biotechnology /Medicine	Medical Device and Equipment/ Healthcare-related	Industrial /Energy /Other	Media/ Entertainment/ Retailing/ Customer Goods	Finance/ Real Estate/ Business Services	Clean Technology	Not specified	Unknown
Investment focus by industry	0	0	0	0	0	0	1	0	0	0	1	0

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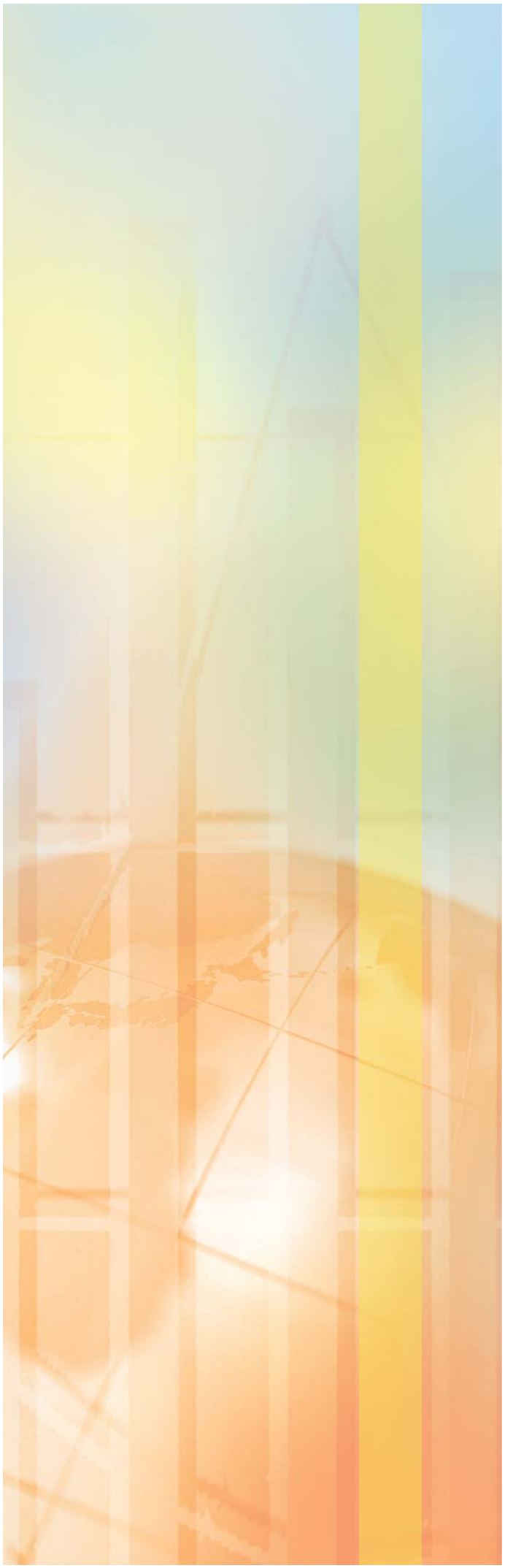
Venture Enterprise Center, Japan

Shinjuku Front Tower 4F 412
2-21-1, Kita-shinjuku, Shinjuku-ku,
Tokyo, 169-0074, Japan

TEL：+81-3-5330-9307
FAX：+81-3-5330-9306
E-mail ：vcdoukou@vec.or.jp
URL：http://www.vec.or.jp



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