



JIC makes LP investment in DRONE FUND Ⅲ Investment Limited Partnership

- Promoting the supply of risk capital to the next-generation drone and air mobility fields
- Contributing to solving social issues faced by existing industry, realizing Society 5.0 by promoting the social implementation of drone technology
- Contributing to fostering regional venture ecosystems by expanding the supply of risk capital to regional areas

Tokyo, December 3, 2021 – Japan Investment Corporation ("JIC") has announced its decision to make an LP investment in the DRONE FUND Ⅲ Investment Limited Partnership ("DRONE FUND No.3"), which conducts investments in drone airmobility business.

JIC aims to generate a virtuous cycle of risk capital to support next-generation industries in Japan. To achieve this vision, JIC promotes open innovation as a means of supporting growth and enhancing international competitiveness of businesses. JIC approaches these challenges by stimulating private sector investments in open innovation together with JIC's own investment while fostering investment professionals.

To achieve this mission, JIC established two authorized funds, JIC Venture Growth Investment and JIC Private Equity under JIC's umbrella, and also make LP investments to funds managed by GPs in the private sector (private funds). Through investments in these funds, JIC intends to invest in strategic areas from the policy perspective.

About LP investment in DRONE FUND No.3

JIC makes LP investments to private funds based on its investment strategies. JIC has signed an LP investment agreement committing to invest JPY3 billion in DRONE FUND No.3.

1. Background

In JIC's investment criteria*, "Driving the creation of new businesses for Society 5.0" is listed as one of its investment focus areas. Specifically, the criteria stipulates that long-term and large-scale risk capital is needed for "social implementation of technologies related to the fourth industrial revolution, such as AI, IoT, and robotics, as well as business fields with competitive potential internationally, such as biotechnology, drug discovery, healthcare, mobility, space, raw materials, and electronic devices." *<https://www.j-ic.co.jp/en/investment/criteria/>

Drone airmobility technology makes it possible to shorten urban travel times, improve the convenience of travel within remote islands and mountainous areas, and speed up emergency transportation and the transportation of goods in the event of a disaster. As such, it is expected that drone airmobility technology will contribute to solving social issues faced by existing industries, as well as the realization of Society 5.0. However, while some investments in drone-related venture businesses have been made through private VC funds, many of these VC funds have only invested in the drone airmobility industry as one part of

their respective portfolios, and as such there is still a low supply of risk capital within the drone airmobility sector.

2. About DRONE FUND Ⅲ Investment Limited Partnership (Drone Fund No.3)

DRONE FUND No.3 is a fund established in May 2020 with DRONE FUND Inc. (DRONE FUND) and others as general partners (GP). DRONE FUND is one of the few VC funds in the world that specializes in drone and airmobility, investing in both hardware and software, as well as drone-related services and technologies that are relevant to drones.

In addition, while many VC funds focus on the Tokyo metropolitan area, DRONE FUND has been focusing on finding deals originating from regional areas, and DRONE FUND No.3 is expected to continue sourcing promising local deals.

Through this LP investment in DRONE FUND No.3, JIC aims to support the development of the drone airmobility industry by encouraging the creation of new businesses that utilize drone airmobility technologies, thereby contributing to the promotion of “Next Generation Mobility” that will lead to the solution of social issues related to mobility and transportation, and the realization of Society 5.0. Moreover, JIC also expects to contribute to the fostering of a venture ecosystem in regional areas by promoting the expansion of the supply of risk money to these areas. Furthermore, JIC will support DRONE FUND in expanding its management of institutional investor funds in the future by advising on fund management from an LP investment standpoint.

Overview of DRONE FUND No.3

Name: DRONE FUND Ⅲ Investment Limited Partnership

Date of establishment: May 1, 2020

Overview of management company

Name: DRONE FUND Inc.

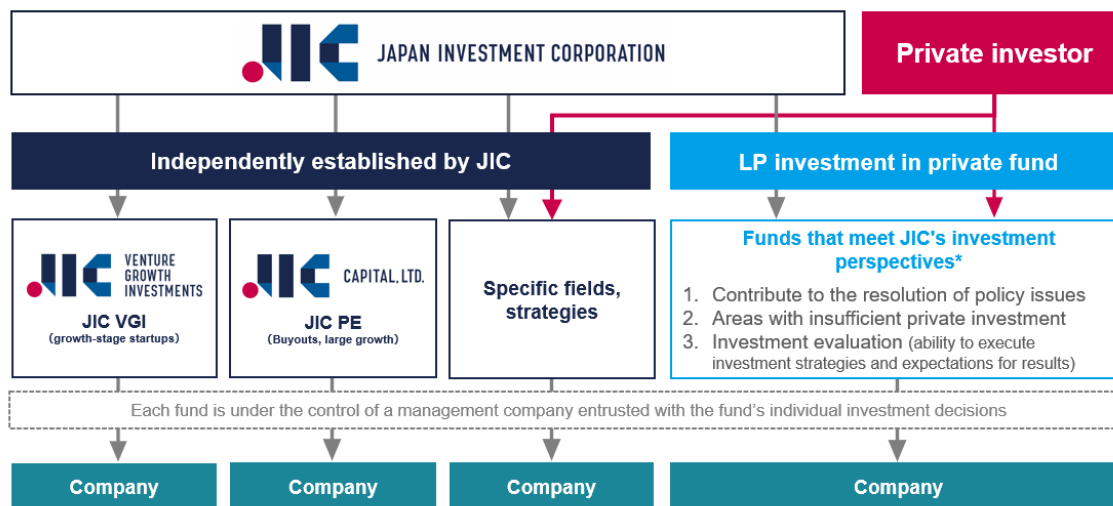
Date of establishment: 2017

Address: Shibuya-ku, Tokyo

Representative Director: Chiba Kotaro

URL: <https://dronefund.vc/en/>

(Reference) JIC's fund investment strategy



(Reference) Objectives of JIC's LP investments

1. Stimulate the supply of risk capital to help companies grow and to enhance their competitiveness
JIC intends to provide capital to areas that are essential from the perspective of strengthening industrial competitiveness but lack private investment capital (investment strategies, sectors, stages, regions, etc.) with the aim of stimulating private investment capital in the short term and medium-long term.
2. Create diverse investment teams, professionals, and strategies to support a virtuous cycle of risk capital
 - 1) Investment teams
JIC promotes growth of the investee funds as a leader in the intermediary of risk capital provided by institutional investors (pension funds, foreign investors, etc.) towards the establishment of future funds. This will be achieved by expanding experience and track records among its fund investment team (management company) and by further improving its ability to respond to institutional investors.
 - 2) Investment professionals
With the cooperation of industry organizations such as JVCA, institutional investors, and investee managers, JIC supports the research and introduction of best practices of managers and the development of human resources serving as investment professionals.
 - 3) Investment strategy
JIC will add diversity and depth to the market by making an LP investment in funds even for those with strategies that are not common in Japan yet, in response to their fund raising, including at the time of its establishment.

About Japan Investment Corporation (JIC)

Japan Investment Corporation ("JIC") was established on September 25, 2018. Amid the accelerated use of IoT, Big Data, AI, and other new information technologies globally, JIC

aims to address the growing demand for risk capital for long-term, large-scale growth investments with a governance structure conducive to quick and flexible investment decision making.

URL: <https://www.j-ic.co.jp/en/>

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