



JIC makes LP investment in Catalys Pacific Fund II, LP

- Creation of open innovation in biotechnology and drug discovery
- Enhance the ecosystem of drug discovery startup ecosystem in Japan
- Expanding funding from domestic and foreign institutional investors

Tokyo, July 6, 2022 – Japan Investment Corporation (“JIC”) has announced its decision to make an LP investment in Catalys Pacific Fund II, LP (“CPF II”), a fund managed by Catalys Pacific, LLC., venture capital specializing in investments in the life science field.

JIC aims to stimulate 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 the 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 invests in strategic areas, based on its investment policy, through LP investments in funds under JIC’s umbrella and private funds.

About LP investment in CPF II

JIC makes LP investments in private funds based on its investment strategies, and has signed an LP investment agreement committing to invest in CPF II.

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/jp/investment/criteria/>

Currently, research and development costs in the pharmaceutical industry are soaring worldwide. In particular, the development of new drugs for biopharmaceuticals and rare diseases requires a large amount of money from the initial stage. In addition, as new drug development becomes increasingly complex, it is important to secure highly specialized talents.

Responding to this situation, a model is spreading in which drug discovery startups, in which experts in specific fields participate in clinical trials and development, and pharmaceutical companies take in the results of these trials and development overseas. This model is supported by the existence of an ecosystem that nurtures drug discovery startups, including

the supply of risk capital by institutional investors and VCs, and the production of entrepreneurial talent with drug discovery-related expertise by academic accelerators. Therefore, it is important from the perspective of strengthening the competitiveness of the domestic pharmaceutical industry to incorporate such open innovation with drug discovery startups into the domestic pharmaceutical industry to foster drug discovery startups and to enhance the ecosystem that will serve as a foundation for future collaboration between pharmaceutical companies and startups in Japan.

2. About CP / CPF II (<https://catalyspacific.com/>)

CP is a venture capital specializing in investments in the life science field based in Tokyo, Kanagawa (Shonan Health Innovation Park), and San Francisco. CP establishes CPF II which invests in drug discovery seeds and early/seed stage drug discovery startup companies. CP's core model is building own clinical development plans and implementing them globally by introducing compounds that are promising but have been held back from development in domestic pharmaceutical companies and universities due to restrictions including limited expenses for research and development.

JIC expects to provide opportunities for open innovation in the Japanese pharmaceutical industry, share knowledge on new drug development methods and talent development through collaboration with drug discovery startups, and contribute to fostering a drug discovery startup ecosystem in Japan. Moreover, JIC will provide support to the fund's management team to ensure that CPF II is fully able to implement its investment strategy, and also expects this investment to act as a catalyst for further private-sector risk capital by helping to increase the supply of risk capital raised from domestic and foreign institutional investors.

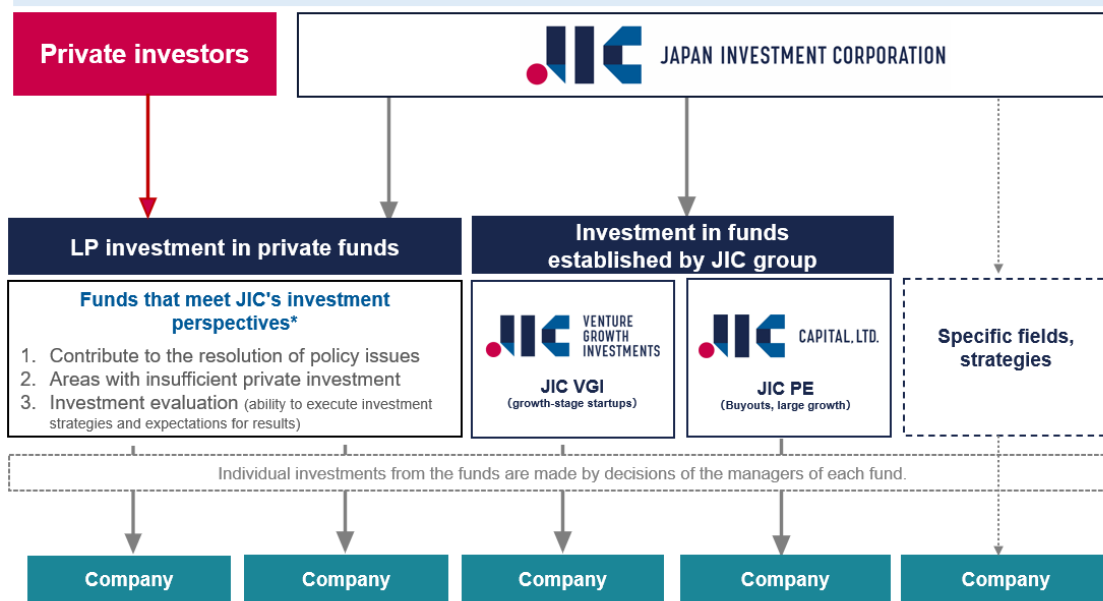
(For reference)

JIC's fund investment strategy

JIC's Investment Strategy



- JIC provides risk capital through fund investments to promote open innovation for accelerating growth and enhancing international competitiveness of businesses, based on JIC's corporate philosophy in consideration with its role for complementing the private sector finance.



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*In addition to the perspectives mentioned, the following will be comprehensively considered: subscription conditions, growth stage of the fund (manager), the role and portfolio of JIC.

(For reference)

Objectives of JIC's LP investments

- 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.
- Create diverse investment teams, professionals, and strategies to support a virtuous cycle of risk capital
 - 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.
 - 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.
 - 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 under the Industrial Competitiveness Enhancement Act. JIC’s investment focus areas are driving the creation of new businesses for Society 5.0, creating "unicorn startups", leveraging promising untapped regional technologies and promoting business consolidation across industries and organizations. JIC provides risk capital to these areas through funds independently established by JIC and LP investment in private funds to promote open innovation and contribute to strengthening the competitiveness of Japanese industries and expanding the investment ecosystem.

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

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