



JIC makes LP investment in Archetype Ventures III Investment Limited Partnership

- Offering risk capital for startups in the seed stage to create unicorns
- Promoting the creation of new businesses in deep tech for Society 5.0
- Promoting risk capital procurement from institutional investors

Tokyo, February 24, 2023 – Japan Investment Corporation (“JIC”) has announced its decision to make an LP investment of JPY3 billion in Archetype Ventures III Investment Limited Partnership (“ATV3”) managed by Archetype Ventures LLC (“ATV”), which supports startups in the seed stage.

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 for 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 its mission, JIC invests in policy-relevant strategic business areas through LP investments in funds under JIC’s umbrella and in private funds.

About LP investment in ATV3

(1) JIC investment criteria

JIC’s investment criteria* identifies “Creating unicorn startups” and “Driving the creation of new businesses for Society 5.0” as two of its focus areas. JIC provides support to create unicorns, which seek to grow competitively and sustainably in the global economy, and to business sectors involved in the creation of new businesses characterized by discontinuous growth with high uncertainty from a business perspective and which require a long-term, large-scale supply of risk capital.

*<https://www.j-ic.co.jp/en/investment/criteria/>

(2) Current status of investment market

In recent years, the supply of risk capital to pre-seed/seed stage startups in the domestic market has been limited. To accelerate the creation of unicorns from Japan, it is important both to actively support entrepreneurs who are trying to create new businesses and to increase the number of promising startups that have the potential to grow into unicorns in the future. From the perspective of creating discontinuous innovation for the realization of Society 5.0, support for startups working on deep tech will be extremely important. Issues to be overcome include the need for a long-term, large-scale supply of risk capital, inadequacies in research and development related to the creation of discontinuous innovation, and insufficient collaboration on R&D between startups and external organizations/institutions.

(3) About ATV3

ATV provides support to seed-stage startups, mainly in the B2B area, that have products but have not yet reached the commercialization stage. During the “valley of death” phase between development and commercialization, ATV provides thorough hands-on support and builds trusting relationships with entrepreneurs while accompanying them through the business development process. ATV3 also intends to make seed stage investments.

Deep tech startups account for more than 10% of the total portfolio of ATV's first and second funds, and ATV3 intends to invest about 10% of its portfolio in deep tech startups.

JIC expects that the LP investment in ATV3 will lead to stronger investment activities in seed-stage startups in ATV, and will underpin the startup ecosystem in Japan. JIC also expects that ATV will promote investment in the deep tech area and accelerate social implementation of deep tech, thereby contributing to the creation of new businesses and new industries for Society 5.0.

JIC will also support ATV in developing its ability to respond to the needs of institutional investors to increase the supply of risk capital raised from these investors.

Overview of ATV3

Name:	Archetype Ventures III Investment Limited Partnership
Established:	2022
Duration:	10 years (with a possible extension of 2 years)
GP:	Archetype Ventures III LLP

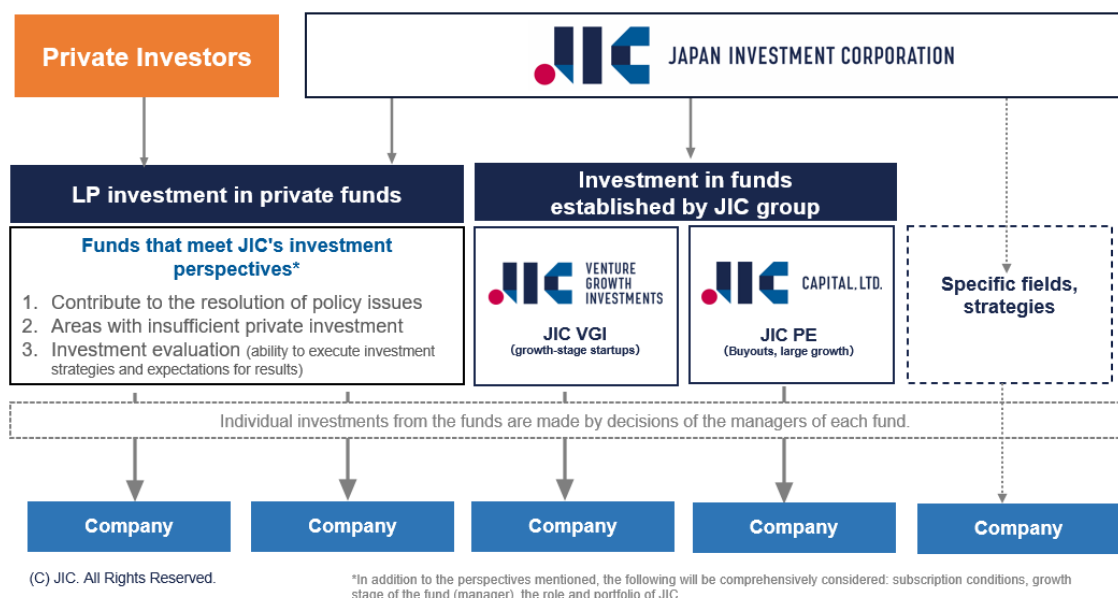
Overview of management company

Name:	Archetype Ventures LLC
Established:	2022 (Its predecessor, Archetype Ventures Inc. was established in 2013)
Address:	Minato-ku, Tokyo
Representative:	Shumpei Fukui, Jun Nakajima

(For reference)
JIC's fund investment strategy

JIC's Fund Investment Strategy (overall) 株式会社産業革新投資機構

- JIC aims to provide risk capital to enhance the growth of next-generation companies and competitiveness based on its philosophy and its principle of complementing the private sector.
- JIC's investment strategy includes 1) investment in funds established under JIC's initiative and 2) LP investments in private funds.



(For 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 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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