



JIC makes LP Investment in DIMENSION 2nd Investment Limited Partnership

- Promoting new business creation in the field of deep tech in order to achieve Society 5.0
- Promoting open innovation of domestic companies through MBOs and spinoffs
- Increasing funding from institutional investors

Tokyo, May 11, 2022 – Japan Investment Corporation (“JIC”) has announced its decision to make an LP investment in DIMENSION 2nd Investment Limited Partnership (“DIMENSION 2”), which is managed by DIMENSION, Inc (“DIMENSION”).

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 DIMENSION 2

JIC makes LP investments in private funds based on its investment strategies, and has signed an LP investment agreement committing to invest up to JPY 3 billion in DIMENSION 2.

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/>

However, it has been pointed out that R&D and innovation leading to discontinuous innovation in Japan is limited. Furthermore, there is a noticeable trend toward self-financing of R&D, as well as a lack of cooperation with external institutions and start-ups.

There are also examples of domestically developed technologies, intellectual property and ideas that would be expected to generate high profits through commercialization, not being given sufficient growth opportunities due to a lack of resources being devoted to them.

2. About DIMENSION 2

DIMENSION 2 is an investment fund established with DIMENSION as the management company, which invests in start-ups operating in areas such as digital business, health care and deep tech*. The fund is enacting its plan to invest in start-ups in the deep tech area by utilizing DIMENSION's accumulated expertise in growth support for internet and digital business start-ups.

*Deep tech: Solving significant issues with global impacts through scientific discoveries and innovative technologies

JIC's LP investment in DIMENSION 2 is intended to support VCs investing in new start-ups in the deep tech area, in order to support the creation of new businesses in deep tech in anticipation of achieving Society 5.0.

Additionally, the investment in DIMENSION 2, which is managed by DIMENSION, a company with a proven track record in terms of MBOs and spinoffs, is expected to enable JIC to promote open innovation and the creation of new businesses. This will be achieved by establishing start-ups via MBOs and spinoffs to commercialize intellectual property and business ideas that, despite high earnings potential, have yet to be utilized.

Moreover, JIC will provide support to the fund's management team to ensure that DIMENSION 2 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.

Overview of DIMENSION 2

Name: DIMENSION 2nd Investment Limited Partnership

Established: March 2022

Duration: 10 years

GP: DIMENSION 2nd Limited Liability Company

Overview of management company

Name: DIMENSION, Inc.

Established: July 2019

Location: Minato-ku, Tokyo

Representative Director: Takamitsu Miyaso

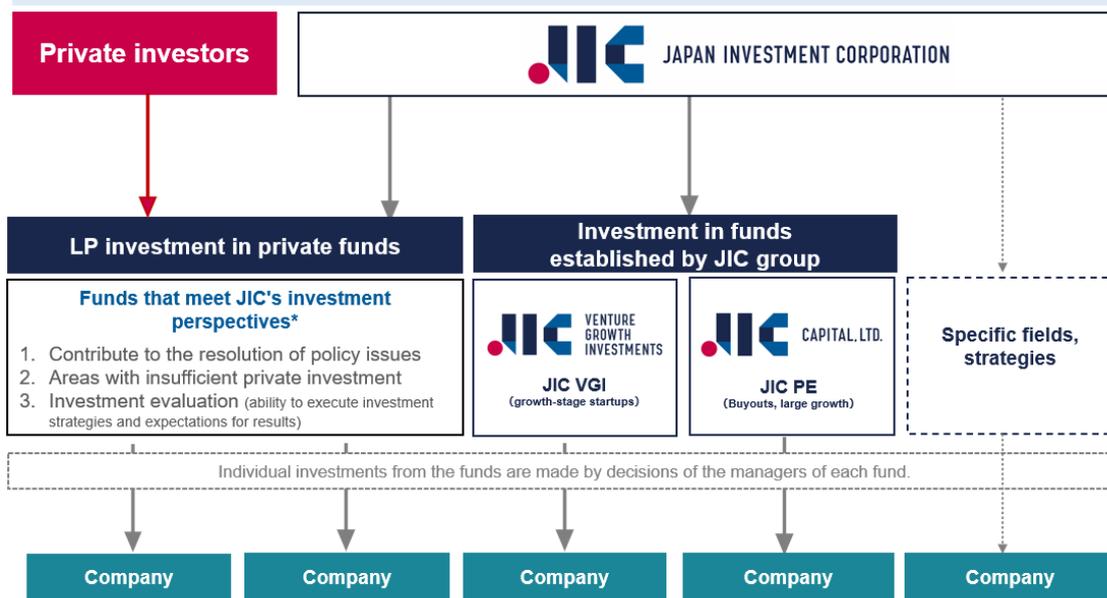
(For reference)

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/>

Press Contacts

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