

Request for Proposals - Fund Managers for Japan Global Startup Growth Investment Program

The Organization for Small & Medium Enterprises and Regional Innovation, Japan (“SME Support Japan”) begins accepting applications from fund managers for the Japan Global Startup Growth Investment Program (“Program”). The main requirements and conditions for fund managers (“GP”) are as follows.

Category	Details
Scope of the Program (Funds to be invested)	SME Support Japan invests in venture capital funds which invest in start-ups in the global market (“Portfolio Funds”). The Program is established to support Japanese startups’ expansion into the overseas market, and to develop the venture capital ecosystem in Japan. Portfolio Funds are required to invest a specified amount of money in Japanese startups (*1) for this purpose (see “Requirements for GPs 1” below).
Legal structure of Portfolio Funds	Limited liability investment partnerships under the Limited Partnership Act for Investment (Act No. 90 of 1998, “Japanese LPS”) or equivalent structure of limited partnerships which are established under foreign laws and regulations.
Requirements for GPs(*2)	<ol style="list-style-type: none"> 1. Invest in startups in Japan (“J-Startups”) that are expanding their business globally with an amount equivalent to or more than the amount of SME Support Japan's commitment. 2. The GPs shall continuously monitor the business conditions and progress of J-Startups and support their global expansion. 3. The GPs report the following information to SME Support Japan: <ol style="list-style-type: none"> (1) Quarterly status of fund operations. (2) When investments have been made in startup in Japan, brief description of J-Startups and investment amount. (3) Any material events that occurred to J-Startups (merger, share exchange, share transfer, company split, business transfer, business suspension or discontinuation, bankruptcy, etc., which were not planned at the time of investment). (4) Financials, number of employees, and any other material issues of J-Startups. (5) Supporting activities for J-Startups. (6) Brief information on exits from J-Startups (including partial exits).
SME Support Japan's maximum investment amount (*3)	<p>SME Support Japan's commitment amount per Portfolio Fund shall not exceed 8 billion yen. It is further reduced with the formula below:</p> <ol style="list-style-type: none"> (1) If the total size of Portfolio Fund is below 12 billion yen, SME Support Japan’s commitment does not exceed half of the total Portfolio Fund size. (2) If the total size of Portfolio Fund is between 12 billion yen and 18 billion yen, SME Support Japan’s maximum commitment is calculated as one-third of the amount on the total

	<p>Portfolio Fund minus 12 billion yen, plus 6 billion yen.</p> <p>(3) If the total size of Portfolio Fund exceeds 18 billion yen, maximum commitment is 8 billion yen.</p>
Management fees and carried interest (*3)	<p>1. Maximum of management fees shall be as follows: The management fees shall be set in accordance with the size of Portfolio Fund and the average amount paid per year during the term of the Portfolio Fund (excluding extension periods) shall be within the range of the amounts set forth:</p> <p>(1) In the case of the total size of Portfolio Fund exceeds 10 billion yen: 2% p.a.;</p> <p>(2) In the case of the total size of Portfolio Fund is between 1 billion yen and 10 billion yen: 2.5% p.a.;</p> <p>(3) In the case of a partnership where the total size of Portfolio Fund is below 1 billion yen: 3% p.a.</p> <p>2. The carried interest shall be as follows: The GP is entitled to receive carried interest. Carried interest is distributed to GP after LPs including SME Support Japan receive 100% of cumulative contributed amount. The carried interest shall not exceed 20% of the total return of the Portfolio Fund, but might be higher ratio when DPI ratio exceeds 200%.</p>
Term	The duration of Portfolio Fund shall not exceed 15 years, including the extension period.

The above details of conditions are only a part of the investment requirements. For details on other requirements etc., please contact SME Support Japan at the contact listed below.

(*1) "Japanese startup" means a small and medium-sized enterprise (SME) as defined in each item of Article 2, Paragraph 1 of the Act on the Organization for Small & Medium Enterprises and Regional Innovation, Japan, Independent Administrative Agency (Act No. 147 of 2002), and specifically those falling under any of the following (1) through (7). However, SMEs receiving more than 50 percent investment from one large company (This refers to businesses other than small and medium-sized enterprises. The same shall apply hereinafter) or its officers, or SMEs receiving 100 percent investment from large companies or their officers (except in the case where it is clear that the SME will cease to fall under the category of SME after the investment), are not included in the SME investment amount in the investment target.

- (1) For those whose main business is in the manufacturing, construction, transportation, or other industries, companies with capital or total investments of 300 million yen or less, or companies and individuals with 300 full-time employees or less. However, for rubber product manufacturers (excluding the manufacture of tires and tubes for motor vehicles or aircraft and the manufacture of industrial belts), companies with capital or total investments of 300 million yen or less, or companies and individuals with 900 full-time employees or less.
- (2) For those whose main business is the wholesale business, companies with capital or investments totaling 100 million yen or less or companies and individuals with 100 full-time employees or less.
- (3) For those whose main business is service business, companies with capital or total investments of 50 million yen or less, or companies and individuals with 100 full-time employees or less. However, in the case of the software industry or information processing services industry,

companies and individuals with capital or total investments of 300 million yen or less or with 300 full-time employees or less, and in the case of the ryokan industry, companies and individuals with capital or total investments of 50 million yen or less or with 200 full-time employees or less.

(4) For those whose main business is the retail business, companies with capital or total investments of 50 million yen or less, or companies and individuals with 50 full-time employees or less.

(5) Enterprise partnerships

(6) Cooperative associations

(7) Associations and federations as defined in Article 1, Paragraph 2 of the Order for Enforcement of the Act on the Organization for Small & Medium Enterprises and Regional Innovation, Japan, Independent Administrative Agency (Cabinet Order No. 182 of 2004)

(*2) Such conditions must be stipulated in the partnership agreement or other agreement.

(*3) If SME Support Japan's investment in the fund is denominated in a foreign currency, the amount stated in such requirement shall be the amount converted at the exchange rate on the date SME Support Japan decides to invest in such investment partnership.

<Contact Information>
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