

Press Release

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The second fund of UTokyo Innovation Platform Co. comes to final closing with JPY25.6 billion, involving 11 institutional investors

TOKYO, Japan, February 10, 2022 – We are pleased to announce that a fund operated by UTokyo innovation Platform Co., Ltd. (UTokyo IPC), the venture investment arm of the University of Tokyo (UTokyo), Japan’s leading national university, has come to a final closing, with a total of JPY 25.6 billion involving 11 institutional investors.

The Accelerating Open Innovation Fund 1 (AOI Fund 1) is an investment limited partnership that was established in 2020 to facilitate open innovation through industry-academia collaboration. UTokyo IPC is the general partner of the fund, while UTokyo serves as its anchor limited partner.

University-affiliated venture capital partnership consecutively investing on a scale of JPY25 billion

Unlike conventional venture capital financing, the AOI Fund 1 operates under the novel concept of “fostering and investing on startups through industry-academia collaboration.” It is designed to support spin-off startups from established business entities and new company creation through partnerships with leading companies in various sectors, as well as entrepreneurs that effectively leverage assets of leading companies for its growth.

AOI Fund 1 was launched in 2020, initially with a limited fund size of JPY 2.8 billion, with MUFG Bank, Ltd., and Sumitomo Mitsui Banking Corporation. Later the fund size has increased more than JPY 24 billion, with six new investors by its second closing in early 2021: SBI Group, Fuyo General Lease Co., Ltd., DBJ Group, Daikin Industries, Ltd., Mitsubishi Estate Co., Ltd., and Hakuodo Inc. Together with three more investors, including Zeon Corporation and The Norinchukin Bank, AOI Fund 1 finished its fundraising, with the total amount of the fund reaching JPY25.6 billion with a total of 13 partners, including UTokyo and UTokyo IPC. This exceeds the amount of UTokyo IPC’s first fund, Innovation Platform No. 1 Investment Limited Partnership (IPC Fund 1), which had a pledged financial contribution of JPY25.0 billion.

Aiming to attain and accelerating open innovation -- “organic” bonding of industrial assets in Japan and academic results

The purpose of the AOI Fund 1 is to accelerate startups through the organic bonding of various assets and strengths accumulated in Japanese industrial sectors – which have an edge in the global market – with results produced by academic institutions. It also aims to strengthen the industrial competitive edge of Japan, now the world’s No. 3 economic power in terms of gross domestic product (GDP).

The AOI Fund 1 deals with a broad range of investment projects, from large-scale ones of around USD 20 million to those involving seed-stage startups trying to explore the potentialities of industry and academia. TradeWaltz Inc. and Citadel AI Inc. are two examples of the portfolio, which currently consists of 14 companies. Its investments transcend national borders – Axial Therapeutics, Inc. to start with. ^(Note 1)

Strengthening competitiveness of Japanese industry by developing start-up ecosystem around UTokyo

UTokyo began strengthening its university-wide capability to support startups and entrepreneurship when it became a national university corporation in 2004. Its endeavors have so far resulted in the birth of more than 20 listed companies, whose total market capitalization is estimated to exceed JPY 1 trillion.

Under “Kanmin Innovation Program” ^(Note 2), UTokyo established UTokyo IPC in 2016 as a wholly owned subsidiary. Its objective is to further expand its startup ecosystem through organic partnership with startups, investors such as venture capital firms and established companies and universities/research institutes, thereby making it a global hub for innovation. The IPC Fund 1, which UTokyo IPC launched immediately after its foundation, has so far invested in 25 companies. Three have succeeded in launching IPOs.

The efforts of UTokyo IPC are not limited to investment activities aimed at attaining the objectives of its establishment. A notable case is “1stRound,” a university-affiliated incubation program launched in 2017. Through its semi-annual selection cycles, it provides equity-free capital and intensive hands-on support to hopeful startups in the pre-seed-stage. This program evolved from a UTokyo-based acceleration to an intercollegiate activity including the University of Tsukuba, Tokyo Medical and Dental University and the Tokyo Institute of Technology, as well as an industry-supported consortium comprising 17 industry partners and sponsors.

Annually 15-20 teams are enjoying the benefits of this incubation; 43 alumni startups are leveraging this program to actively develop their businesses. Five of them, including the previously mentioned Citadel AI, are receiving our continued support through investment

from AOI Fund 1. This program continues to expand, welcoming other academic institutions and partners.

UTokyo's charter defines the university an institution that "serves the global public." We are committed to expanding the startup ecosystem and lead Japan's open innovation.

Outline of the AOI 1 Fund

General Partner: University of Tokyo Innovation Platform Co., Ltd.

Limited Partners: MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, SBI Group, Fuyo General Lease Co., Ltd., DBJ Group, Daikin Industries, Ltd., Mitsubishi Estate Co., Ltd., Hakuhodo Inc., Zeon Corporation, the Norinchukin Bank, the University of Tokyo and one institutional investor.

Fund size: JPY25.615 billion

Duration: 15 years from 2020

Investment targets: Corporate spinoffs, new companies through joint ventures and seed-stage startups, all leverage industry-established assets and academia-nurtured results, e.g., of UTokyo.

About University of Tokyo Innovation Platform Co., Ltd. (UTokyo IPC)

Outline: An investment company committed to developing an innovation ecosystem around UTokyo

Establishment: January 2016

Stockholder: UTokyo (100%)

Address: 261 Entrepreneur Lab, South Clinical Research Bldg., Hongo 7-3-1, Bunkyo-ku, Tokyo Japan

Representative: President and CEO Katsuhiko Oizumi

Website: <https://www.utokyo-ipc.co.jp/en/>

(Note 1) TradeWaltz Inc. is a Tokyo-based company that operates the international trade information-sharing platform "TradeWaltz®." The company was established based on a cross-industrial consortium which NTT Data Corporation. Professor Fuhito Kojima, Graduate School of Economics, The University of Tokyo, has joined TradeWaltz Inc.'s Advisory Board.

URL: <https://www.tradewaltz.com/en/>

Citadel AI Inc. is a Tokyo-based company building next-generation machine learning infrastructure to make the world's AI systems more reliable and secure. The company was founded by two alumni of The University of Tokyo, from the computer science and electronic engineering departments.

URL: <https://www.citadel.co.jp/en>

Axial Therapeutics, Inc., is a Boston-based clinical-stage biopharmaceutical company dedicated to improving the lives of people with neurological diseases, where Professors Satoshi Uematsu and Seiya Imoto of the Institute of Medical Science, The University of Tokyo, serve as Scientific Advisory Board members.

URL: <https://www.axialtx.com/>

(Note 2) “Kanmin Innovation Program” is a government initiative launched in 2013 for fostering startup investment around national universities in Japan. Four leading national universities -- Tohoku, Tokyo, Kyoto and Osaka -- established venture investment subsidiaries as well as venture capital funds under this initiative. (The phrase “Kanmin” indicates “public-private partnership” in Japanese.) The cumulative fund size is JPY 125 billion, one-fifth of which has been provided by the private sector. More than 140 startups have received investments from the funds.