



DBJ

Development Bank of Japan

Outline of Development Bank of Japan and Its Services

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Frankfurt, Germany**

Basel, 23 October 2007



Agenda

- 1. Outline of DBJ**
- 2. Support and services of DBJ**
- 3. Business Advantages in Japanese Clusters:
Biotech-Clusters as „innovative islands“**



1-1. Outline of Development Bank of Japan (DBJ)

■ Established in 1951

- ✓ A public financial institution fully owned by the Japanese Government
- ✓ **DBJ** has been carrying out effective financing for over 50 years

■ Mission

- ✓ Upgrading vitalization and sustainable development of economy and society
- ✓ Realization of enhanced quality of life
- ✓ Creation of self-reliant regions

■ **Capital: 1,272 billion JPN**

■ **Assets: 13,073 billion JPN**

■ **Capital Ratio: 19.19%**

■ **Rating: AA-(S&P) Aaa(Moody's)**
(as of March 2007)



Rendering: Courtesy of JAXA & Lockheed Martin





1-2. Outline of DBJ

■ Services

- ✓ Corporate banking
 - mid- to long term Loans featuring fixed interest rates for projects undertaken in Japan
 - debt guarantees to other banks
- ✓ Investment banking, including equity investment and M&A advisory service
- ✓ Research and information providing service

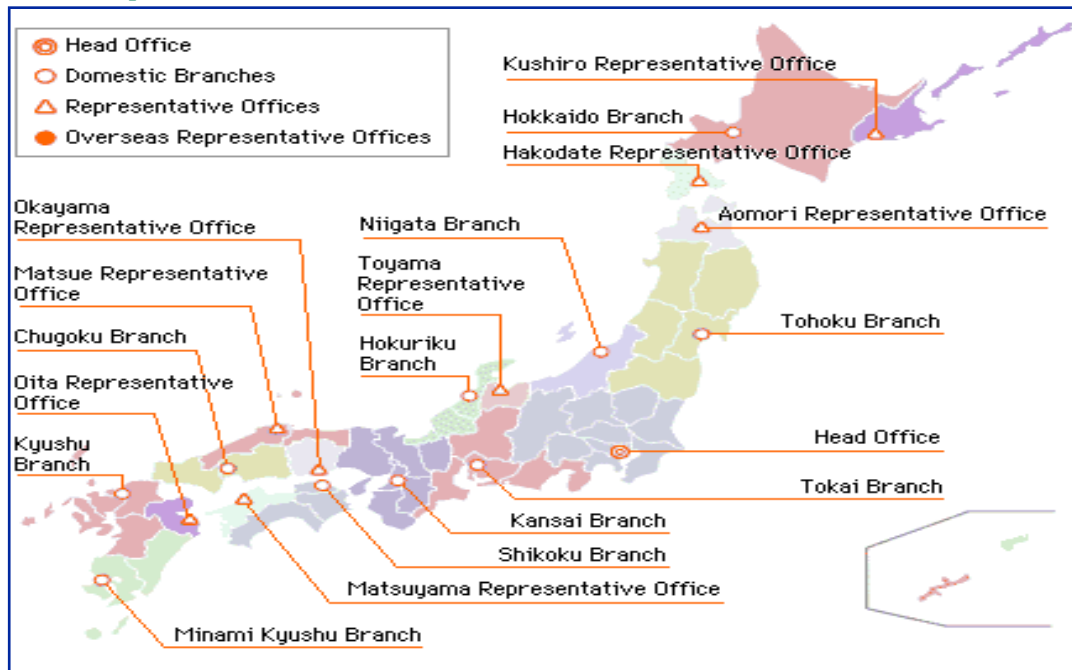


1-3. Outline of DBJ

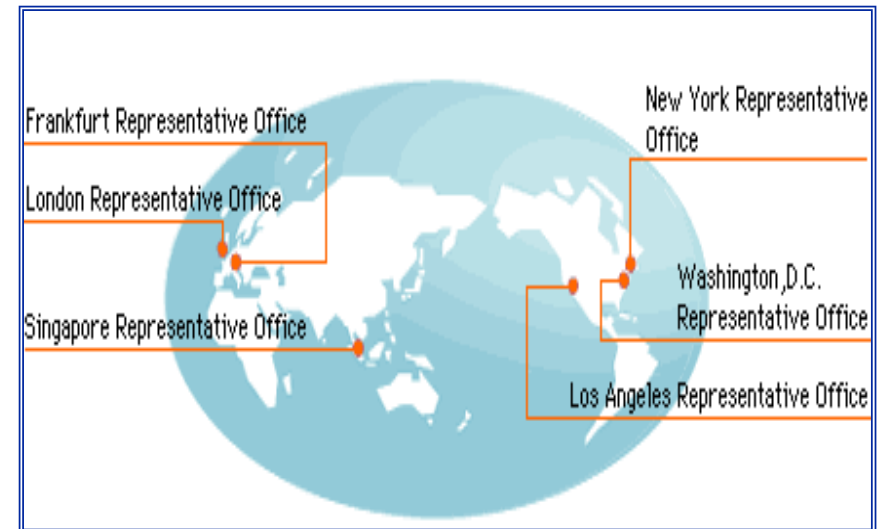
■ Broad Network

- ✓ Head office in Tokyo, 10 branches and 8 representative offices in Japan, 6 representative offices worldwide
- ✓ Over 4,000 clients (including big names and SME)
- ✓ Cooperating with JETRO, regional banks, law firms, accounting firms etc.

In Japan



Overseas





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2-1. Promotion of FDI in Japan / DBJ FDI-Program

- **The Japanese Government welcomes foreign direct investment**

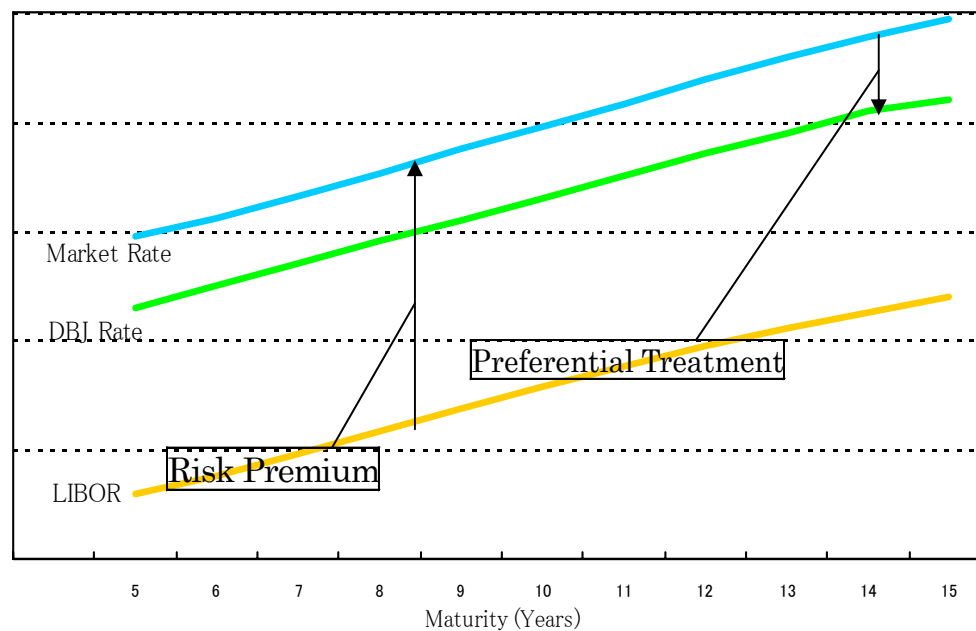
- **DBJ is financing projects that help to vitalize and enhance the Japanese economy by promotional loans**
 - ✓ DBJ FDI-Program since 1984
 - ✓ About 300 companies
 - ✓ 900 billion JPN in loans as of March 2006



2-2. DBJ FDI-Program

■ Interest rate

- ✓ fixed at the time of disbursement. Rates are determined in accordance with the term, grace period and security for each loan.





2-3. DBJ FDI-Program

■ Target projects

- ✓ Capital investments in Japan
- ✓ Research and development costs in Japan.
- ✓ Mergers and acquisitions (M&A) with companies in Japan.
- ✓ Rent deposits required of tenants.
- ✓ Portion of working capital needed for business start-up and expansion.





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3. **Business Advantages in Japanese Clusters:
Biotech-Clusters as „innovative islands“**

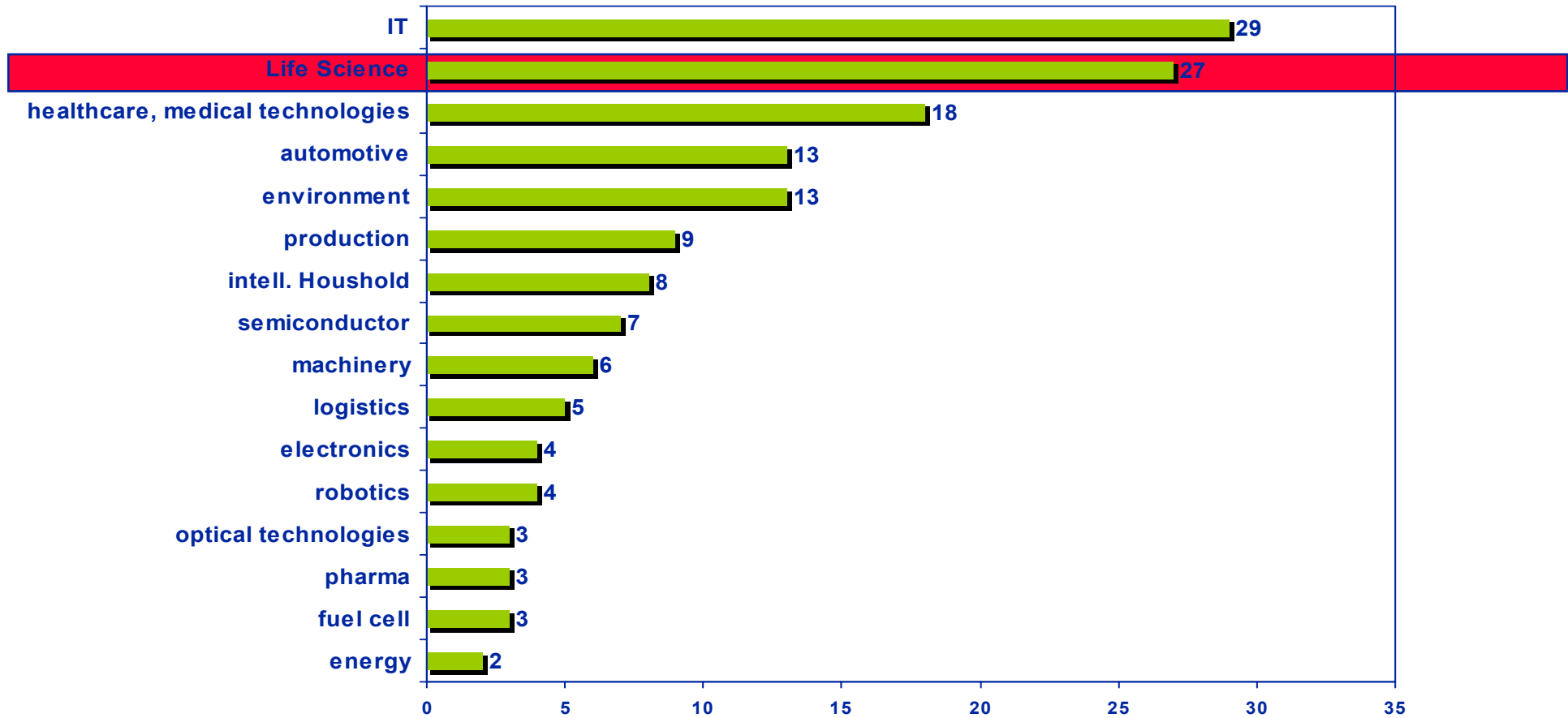


3-1. Business Advantages in Japan for Pharma and Biotech-Companies: selection of location is essential

- Thesis: „location doesn't matter in a global economy“?
- Most regions have the potential for growth – if the conditions fit
-> Regions specialize as „innovative islands“
- Clusters: “Network of companies, private and public research and education institutions, suppliers and service providers and cooperating institutions in nearby locations”
- Cluster can foster innovation and marketable products and they are more than the sum of its parts
- M. E. Porter: *„There is a compelling need to reorient our thinking about corporate strategy in a way that sees location and cluster participation as integral to a firm's success.“*
- Biotechnology grows especially in this innovative networking environment

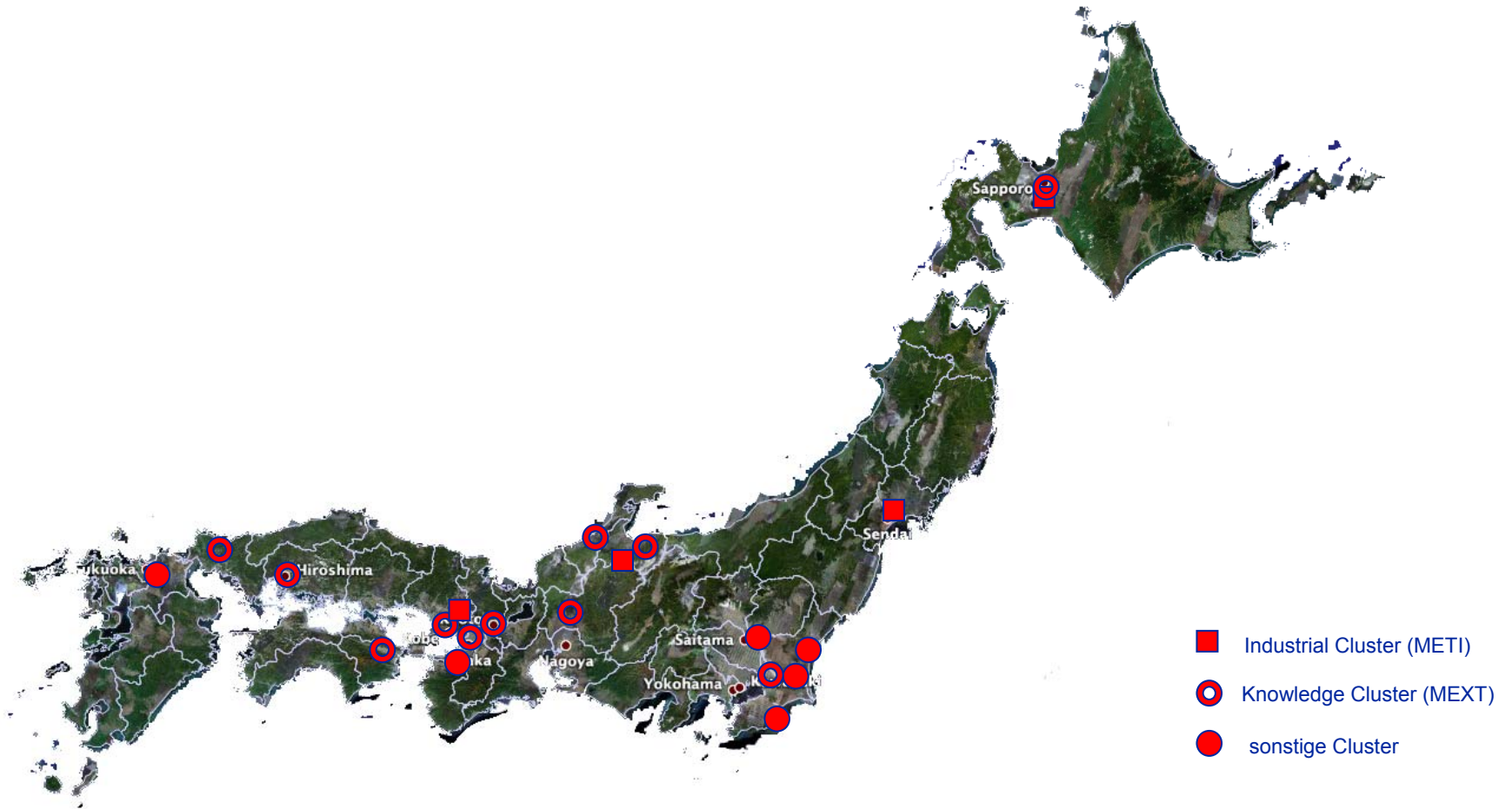


3.3. Clusterprojects in Japan by topic



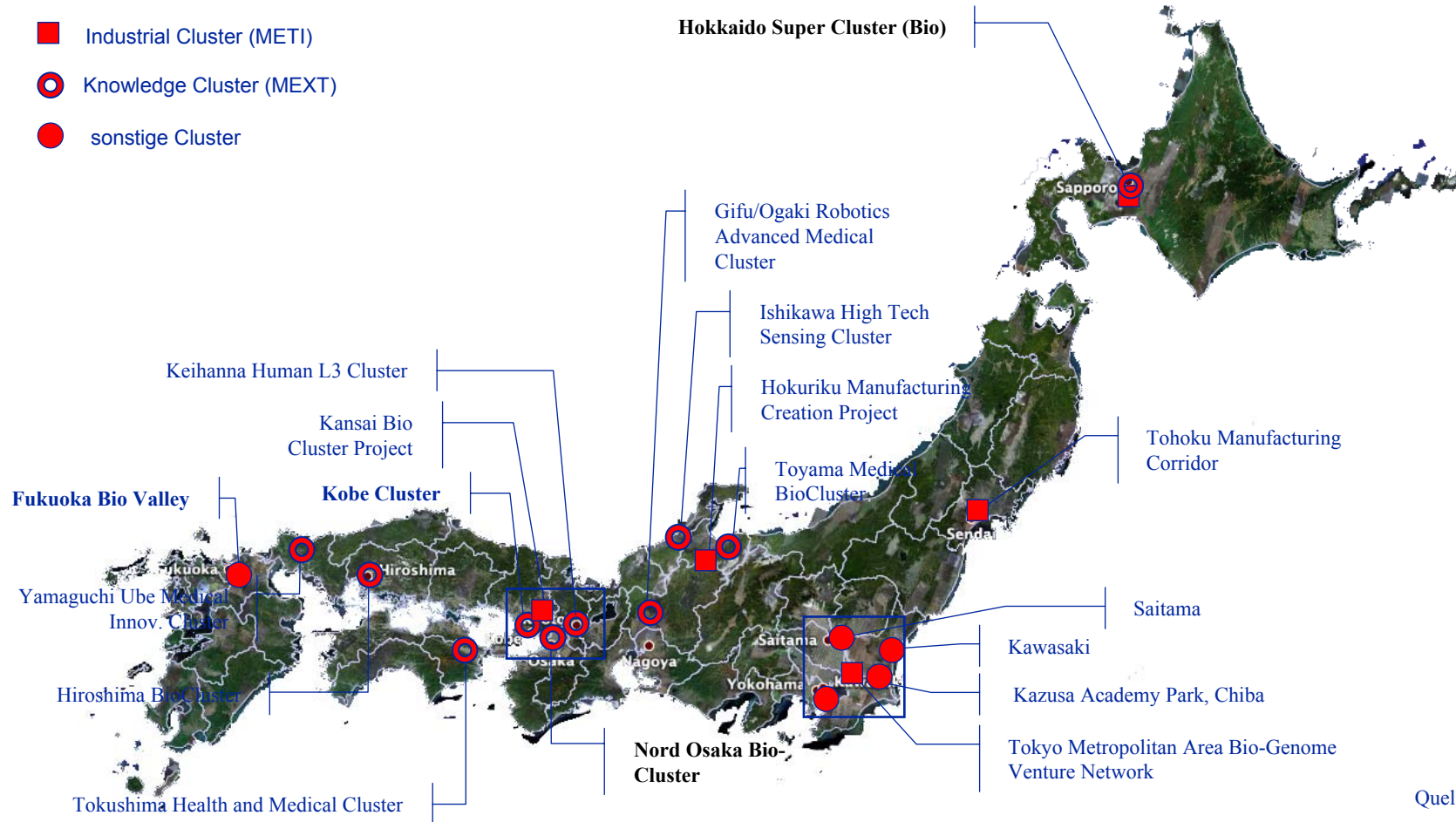
source: METI, MEXT, JETRO, DBJ

3.4. Biotech-/Life Science Clusters in Japan



Quelle: METI, MEXT, JETRO, DBJ

3.4. Biotech-/Life Science Clusters in Japan



Quelle: METI, MEXT, JETRO, DBJ



3.5 Advantages of biotech-clusters

- High productive environment by benchmark relations
- Knowledge transfer by research institutions/Universities
- Closeness of suppliers and service provider
- Fast Evidence of changing market conditions
- Common Resource using
- Human Resources market
- Marketing advantage by cluster identity
- Easier access to subsidies and capital



Contact us

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Thank you very much!



Eligible Recipients

- Japanese KK (Kabushiki Kaisha) or YK (Yugen Kaisha) with over one-third foreign capital
- Registered branches of foreign companies in Japan
- Parent companies of Japanese entities making investments in Japan, or financing companies linked with such Japanese entities



Terms and Conditions (1)

- Loan amount
 - ✓ *Maximum 40-50% of the total project cost. Co-financing with commercial banks is required in most cases.*
 - ✓ *Normally from 8 digits (e.g. JPY XX,000,000). No upper limit.*

- Term and grace period
 - ✓ *Loan terms and grace periods are set according to the cash-flow needs of each project.*
 - ✓ *Loan terms usually range from 5 to 10 years, but may be extended to 15 years when the project warrants it.*
 - ✓ *Grace periods are from 0.5 to 3 years. Short-term loans are not available.*



Terms and Conditions (2)

- Payment conditions
repaid in equal installments
- Prepayment conditions
Prepayment is possible but entails a penalty
- Post default interest
Post default interest is charged at a rate of 14.5%. This rate cannot be changed.



Terms and Conditions (3)

- Security

***A guarantor (e.g. parent company) is required in principle.
Covenants may be requested if considered necessary.
Collateral may also be required.***

- Settlement reports

- Governing law

***DBJ loans are governed by, and construed in accordance with,
the laws of Japan.***

- Use of Japanese or English language



Various Options for our Clients

■ Diverse Range of Project funding

- Corporate senior loans at a preferred interest rate based on Japanese governmental policy
- Debt guarantees to other Banks, or extend loans to SMEs with standby L/C from main banks
- Non/Limited recourse loans for Project financing, Asset-based financing, LBO, etc.
- High-risk financing, including Mezzanine loans, equity investment through funds targeted for business restructuring, venture, etc.

■ Arranges local financing in Japan

- Syndicated loans, Private/Public issues bonds
- Develops innovative financial schemes



1-2-1. DBJ as M&A & Financial Advisor

Unbiased Broad Network

- ✓ Unbiased organization with having **over 4,000 own customer base**
- ✓ Alliance with 75 regional banks – Complimentary to DBJ's nationwide-type customers

Professional in Japanese Transaction

- ✓ Professional in defining & communicating with right partner & right person
- ✓ Professional in communicating right way with various type of Japanese management

Leader in Supporting Foreign Direct Investment

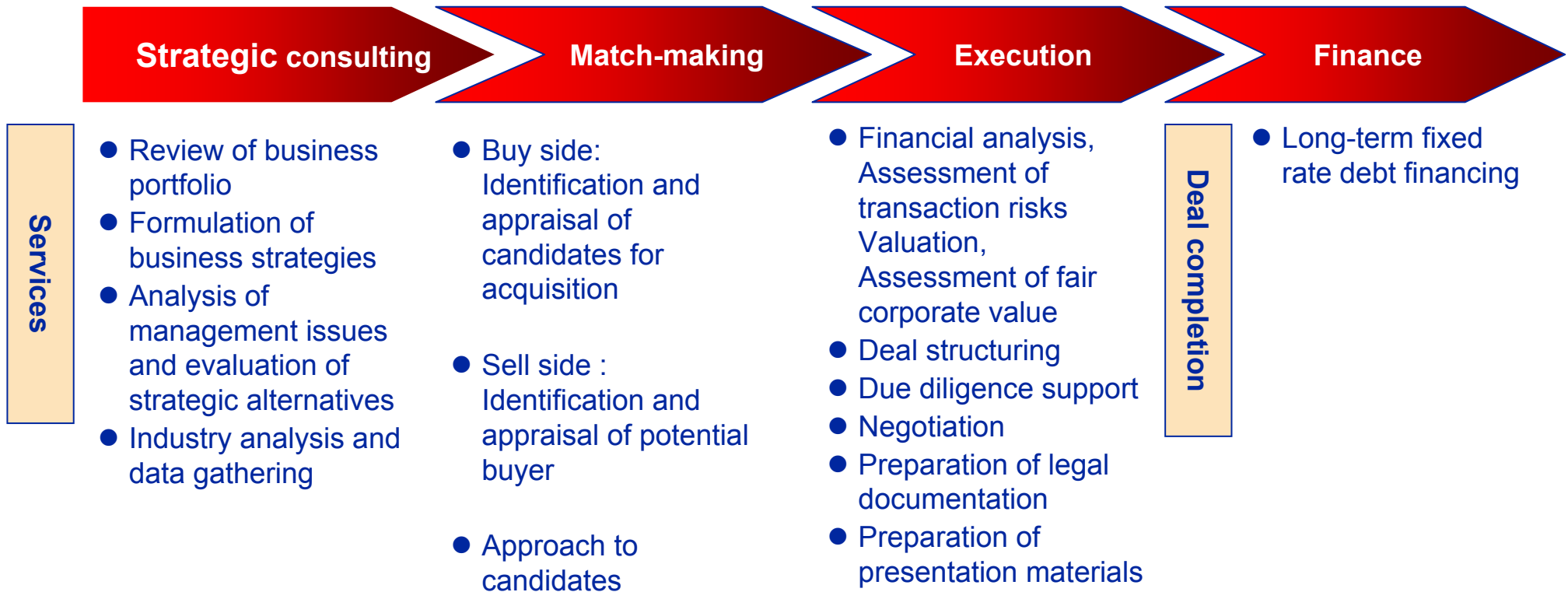
- ✓ DBJ got results in cross-border transaction.
- ✓ **DBJ has supported 700 overseas' enterprises to come to Japan.**

One Stop Service

- ✓ Financing capability including subsidized loan



1-2-2. DBJ as M&A & Financial Advisor

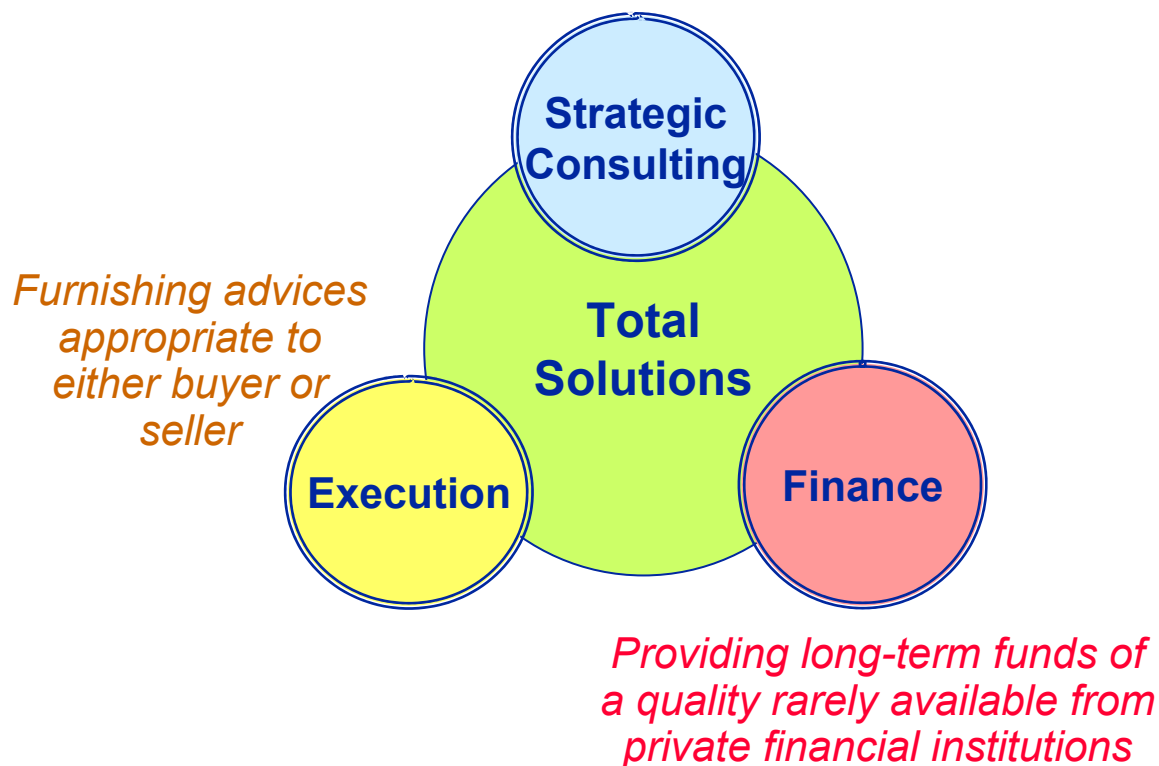


Our team provides professional and committed project management support throughout the whole business development and M&A process.



1-2-3. DBJ as M&A & Financial Advisor

*Identifying potential business opportunities
and promoting successful transactions*



■ Advantages of DBJ

- ✓ **Skilled analysis** of mid- to long-term business
- ✓ **Broad network** through lending and project organizing support
- ✓ Providing **comprehensive problem-solving services** from strategic consulting to finance
- ✓ As a policy-based bank, DBJ works on deals that achieve the **Promotion of FDI** into Japan

1-3-1. Some Examples of Transaction Records

<p>March 2006</p>  <p>TOB of Sunpot (Listed on 2nd section of Tokyo Stock Exchange)</p> <p>日本みらいキャピタル(株)</p> <p>Advisor of Sunpot</p>	<p>May, 2005</p>  <p><i>Divestiture of Supermarket Stores in Kinki District by Pororoca to Ontsu</i></p>  <p>Buy-side Advisor</p>	<p>June, 2004</p>  <p><i>Divestiture of Packing Materials Division of NSCC Polymer by Nippon Steel Chemical to AIG Japan Partners</i></p>  <p>Sell-side Advisor</p>	<p>December, 2003</p>  <p><i>Acquisition of Shares of Marusei Rubber from Fujikiko by Yasufuku Rubber</i></p>  <p>Buy-side Advisor</p>	<p>Iwatani</p> <p>March, 2003</p> <p><i>Acquisition of LPG Business from Kanematsu by Iwatani</i></p> <p>April, 2004</p> <p><i>Acquisition of LPG Business from Iwasaki by Iwatani</i></p> <p>Buy-side Advisor</p>
<p>August, 2003</p>  <p><i>Business Transfer of Nankai Southtower Hotel from Nankai Railway to Raffles International</i></p>  <p>Sell-side Advisor</p>	<p>January, 2003</p>  <p><i>Consultation and Implementation of Business Planning of Kashiyama Kanagata</i></p> <p>Consulting Service</p>	<p>November, 2002</p>  <p><i>Strategic Alliance between Meiden-sya and KCI Konecranes on Meiden Hoist Systems</i></p>  <p>Sell-side Advisor</p>	<p>July, 2001</p>  <p><i>Acquisition of MDI by Siward Crystal Technology</i></p> <p>Buy-side Advisor</p>	<p>May, 2001</p>  <p><i>Acquisition of KMT Semi-Conductor from Kobe-Steel</i></p>  <p>Buy-side Advisor</p>