

February 12, 2015

DCI Partners Co., Ltd.  
Daiwa Corporate Investment Co., Ltd.

Establishment of  
Daiwa Taiwan-Japan Biotech Fund Investment Limited Partnership

DCI Partners Co., Ltd. ("DCIP"), a group company of Daiwa Securities Group, Inc. and wholly owned by Daiwa Corporate Investment Co., Ltd. ("DCI"), announces the first closing of Daiwa Taiwan-Japan Biotech Fund Investment Limited Partnership (total capital commitment of JPY 9.3 billion, the "Fund") with the participation of the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN ("SME Support, JAPAN"), National Development Fund, Executive Yuan ("NDF"), a Taiwanese government fund, and other investors in and outside Japan. Total Fund's commitment size may be increased to around JPY 12 billion at the subsequent closings.

1. Overview

The Fund is a venture capital fund<sup>i</sup> that will invest in privately-held biotechnology companies centered on the therapeutic field in Japan and Taiwan.

In Japan, since the global economic turmoil triggered by Lehman bankruptcy in 2008, the supply of risk capital for biotech companies has been reduced. Due to these funding constraints, many startups have faced funding difficulty for growth. Venture capital firms, the primary providers of such risk capital to venture business, have also experienced difficult time of fundraising throughout the period.

DCIP has successfully launched one of the largest biotech funds in Japan with strong support from SME Support, JAPAN, NDF and other investors in and outside Japan in order to satisfy such risk capital needs in biotech industry by capturing improvement of economic environment and development of regulatory framework.

DCIP aims to provide risk capital for growth through the Fund to Japanese and Taiwanese biotechnology companies and will endeavor to promote their research and development efforts and to enhance their enterprise value, in pursuit of high investment returns.

2. Investment Climate and Features of the Fund

Investment Climate in Japan

In its Healthcare Policy and Japan Revitalization Strategy, the Japanese government is firmly promoting development of the healthcare industry. Particularly for drug development environment centered on regenerative medicine, various forms of support are being provided by developing new regulatory frameworks

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(e.g., enforcement of Pharmaceuticals and Medical Devices Act (revised Pharmaceuticals Affairs Act) and the Act on the Safety of Regenerative Medicines, and launch of the Drug Discovery Support Network).

Biotech companies in Japan have also been steadily building a track record of out-licensing deals and successful launch of drugs to the market in recent years.

The recent trend of drug development has been shifting from conventional small-molecule drugs to the new fields (e.g., cell therapies and biologics) where many biotech companies tackle. While large pharmaceutical companies are actively forging tie-ups with biotechs due to the expiration of patents on their key products and the decline in development efficiency. Thanks to such movement, out-licensing deals by biotech companies and M&A activities are expected to increase in this field.

### Investment Climate in Taiwan

The Taiwanese government has positioned the biotechnology industry as one of the Six Emerging Industries and is firmly moving forward with its development. Taiwan boasts an excellent drug development platform and has a geographical advantage as a clinical development hub in Asia.

In Taiwan biotech space, in addition to traditional manufacturers of active pharmaceutical ingredients, generic drugs and medical devices, a large number of startups conducting new drug developments are emerging in recent years. This movement provides significant investment opportunities for the Fund.

The number of listed biotechnology companies in Taiwan has increased year after year, with their market capitalization grown more than six-fold between 2007 and 2014 to over JPY 2 trillion. Favorable capital market circumstance will surely support further growth and development of biotech companies in Taiwan.

### Features of the Fund

The Fund will invest in privately-held biotechnology companies in Japan and Taiwan. In addition, the Fund will take an initiative to create new biotech startups by carving out of promising projects or businesses from other companies or academia (“Venture Creation Investment”).

The Fund also intends to provide active hands-on support to investee companies in collaboration with well-experienced external advisors both in Japan and Taiwan who possess expertise such as drug development, licensing, regulatory affairs and business development. DCIP will utilize its extensive network with universities, research institutes, biotech companies and pharmaceutical companies that have been built throughout investment experiences of team member of DCIP.

In Taiwan, the Fund will source investment opportunities, conduct research and seek to enhance the enterprise value of investee companies by leveraging strategic partnerships with Hotung Group, a leading Taiwanese venture capital group, and the Development Center for Biotechnology, a well-established Taiwanese research and development organization.

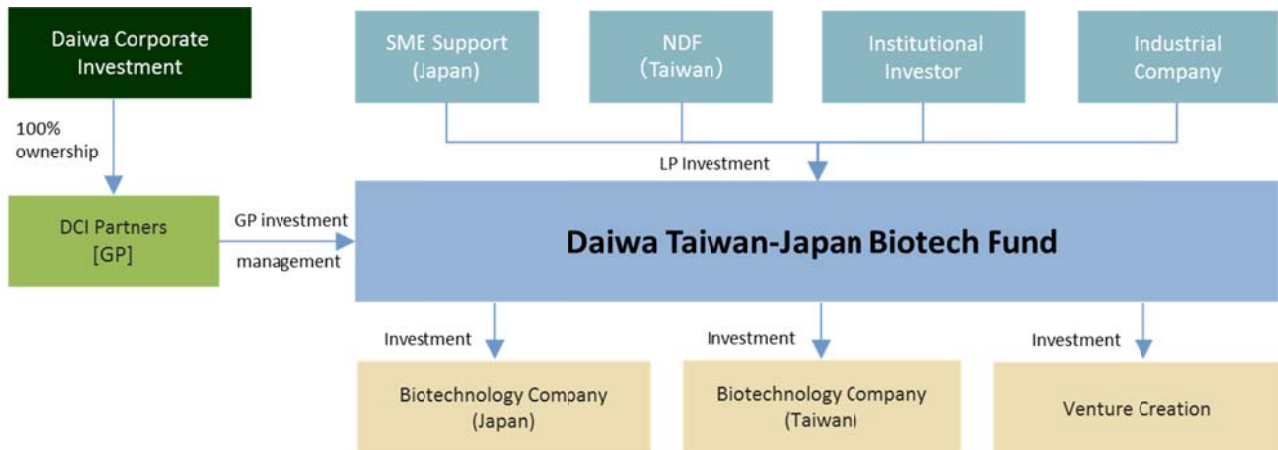
DCIP believes that, by actively promoting corporate alliances between Japan and Taiwan, the Fund will be able to provide various forms of support to biotechnology companies which are required to develop global business operations.

DCIP hopes that the Fund's investment activities will contribute to the further development of the healthcare

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and pharmaceutical industries in Taiwan and Japan.

### 3. Fund Scheme



#### Overview of the Fund

Name	Daiwa Taiwan-Japan Biotech Fund Investment Limited Partnership
Date of Establishment	January 15, 2015
Total Committed Capital	JPY 9.3 billion
General Partner (GP)	DCI Partners Co., Ltd.
Operation Period	10 years
Investment Period	5 years

#### Overview of DCI Partners

Name	DCI Partners Co., Ltd.
Date of Establishment	May 20, 2014
Capital	JPY 50 million
Head Office	1-9-1 Marunouchi, Chiyoda-ku, Tokyo
Shareholder	Daiwa Corporate Investment Co., Ltd. (100%)
President and Representative Director	Hiroki Narita

### 4. Contact

DCI Partners Co., Ltd.: Kodama (+81-3-5555-6337)

Daiwa Corporate Investment Co., Ltd.: Maruta (+81-3-5555-6300)

<sup>i</sup>Investments in Japan's medical device companies will be made through the "Startup Growth Support Fund" and investments in companies with their head offices or major business locations in the six prefectures of the Tohoku region or in Ibaraki Prefecture will be made through the "Reconstruction Fund" (DCI serves as GP for both funds).