

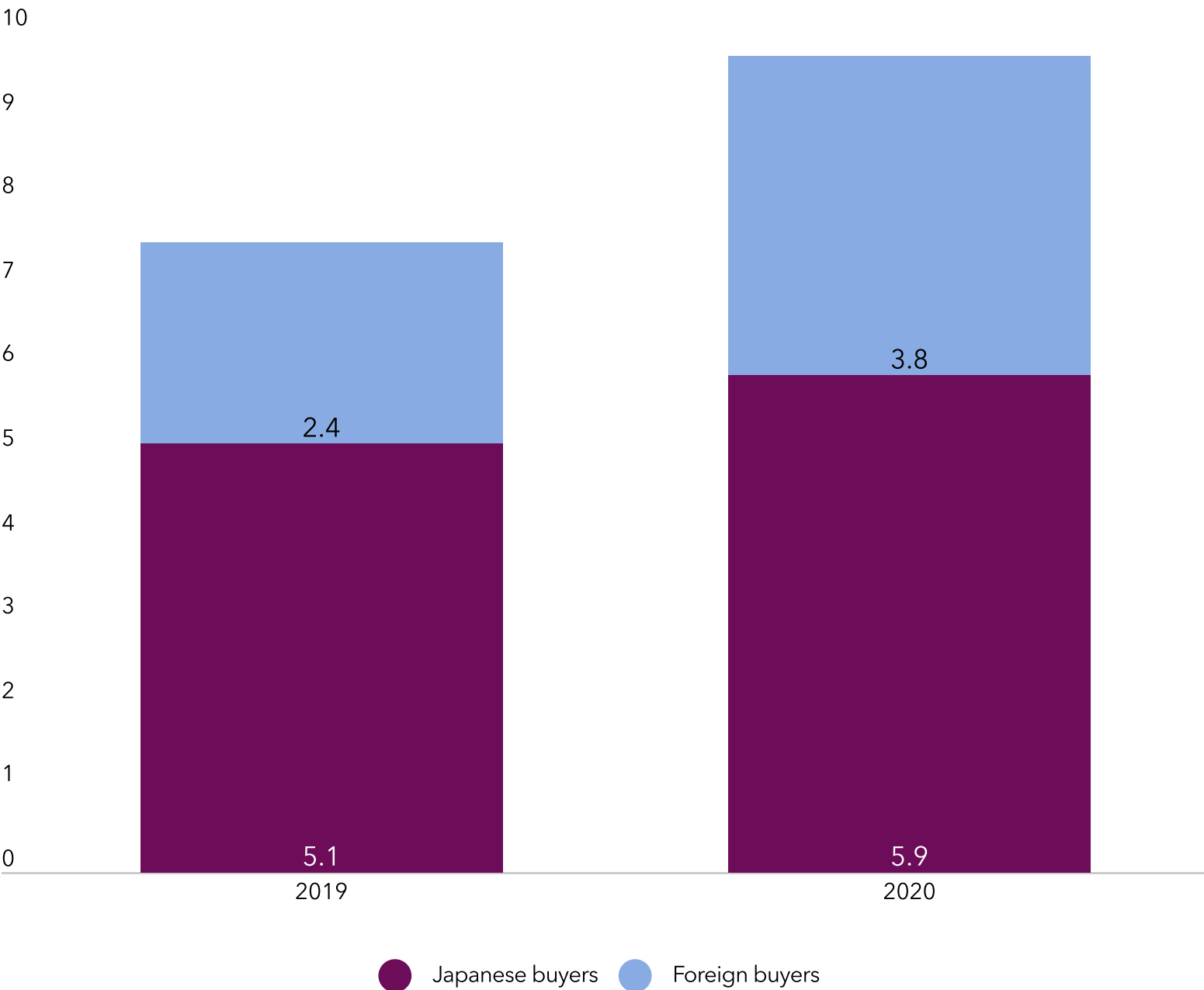
## JAPANESE PRIVATE EQUITY 10 SLIDES

**In bloom** How Japan is realising its  
potential as a private equity market

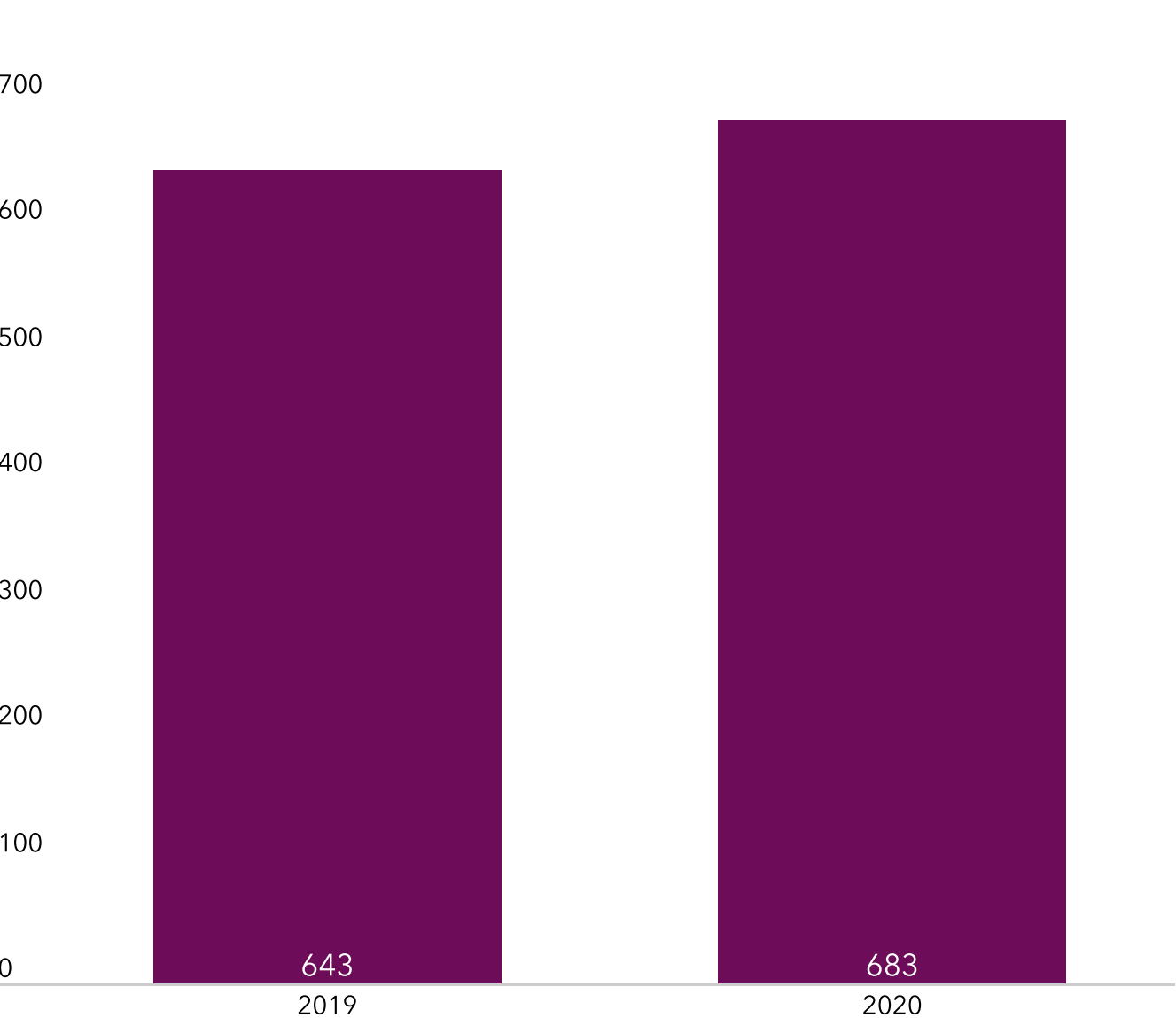
# Japan's domestic PE market is buoyant

Far from shutting down deal activity, the pandemic may have boosted a market that had been gradually warming to the transformative change private equity ownership can bring

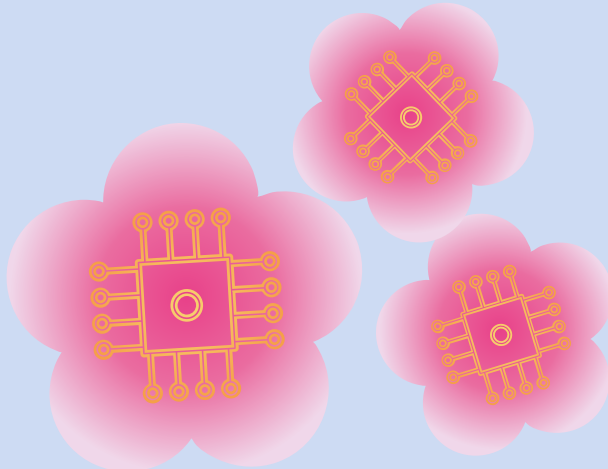
Domestic PE/VC deals by value (\$bn)



Domestic PE/VC deals by number



Source: S&P Global Market Intelligence



**For PEI's  
special  
report on  
Japan**

# The market is boosted by ageing business owners looking for successors

Covid-19 has forced many founders of Japan's long tail of small and medium-sized businesses to confront succession issues with greater urgency



**The pandemic has created a tailwind for business succession deals as owners seek to take risk off the table while they are still healthy**



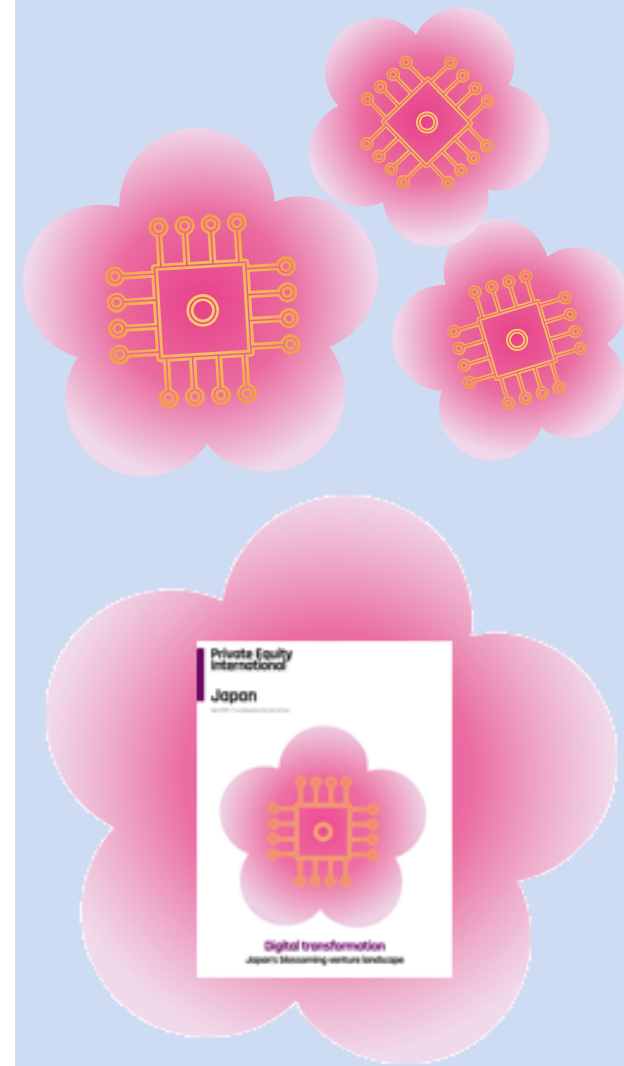
Jun Tsusaka,  
CEO and CIO at NSSK

**60%**  
Of all deals are  
succession deals

**66**  
Average age of a  
SME founder

**2/3**  
Of businesses lack a  
successor

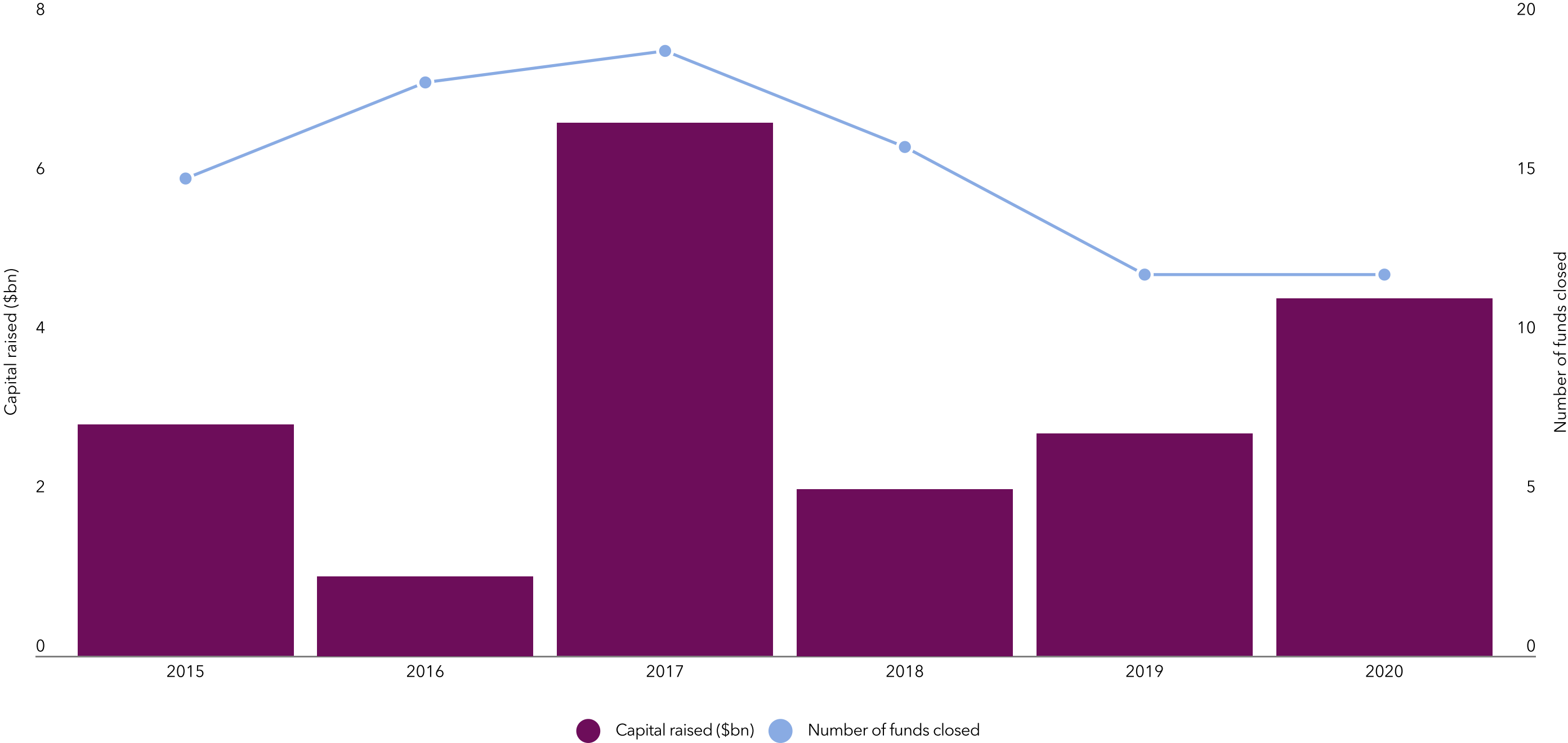
Source: Private Equity International



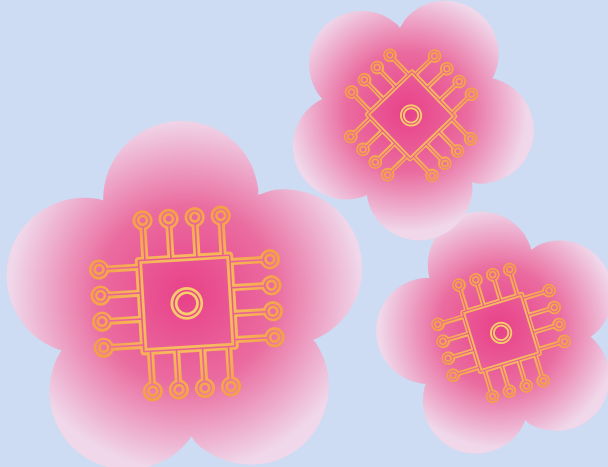
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# Fundraising reached a three-year high in 2020...

Fund managers rose to the challenge of securing LP commitments in a world devoid of face-to-face meetings



Source: Private Equity International

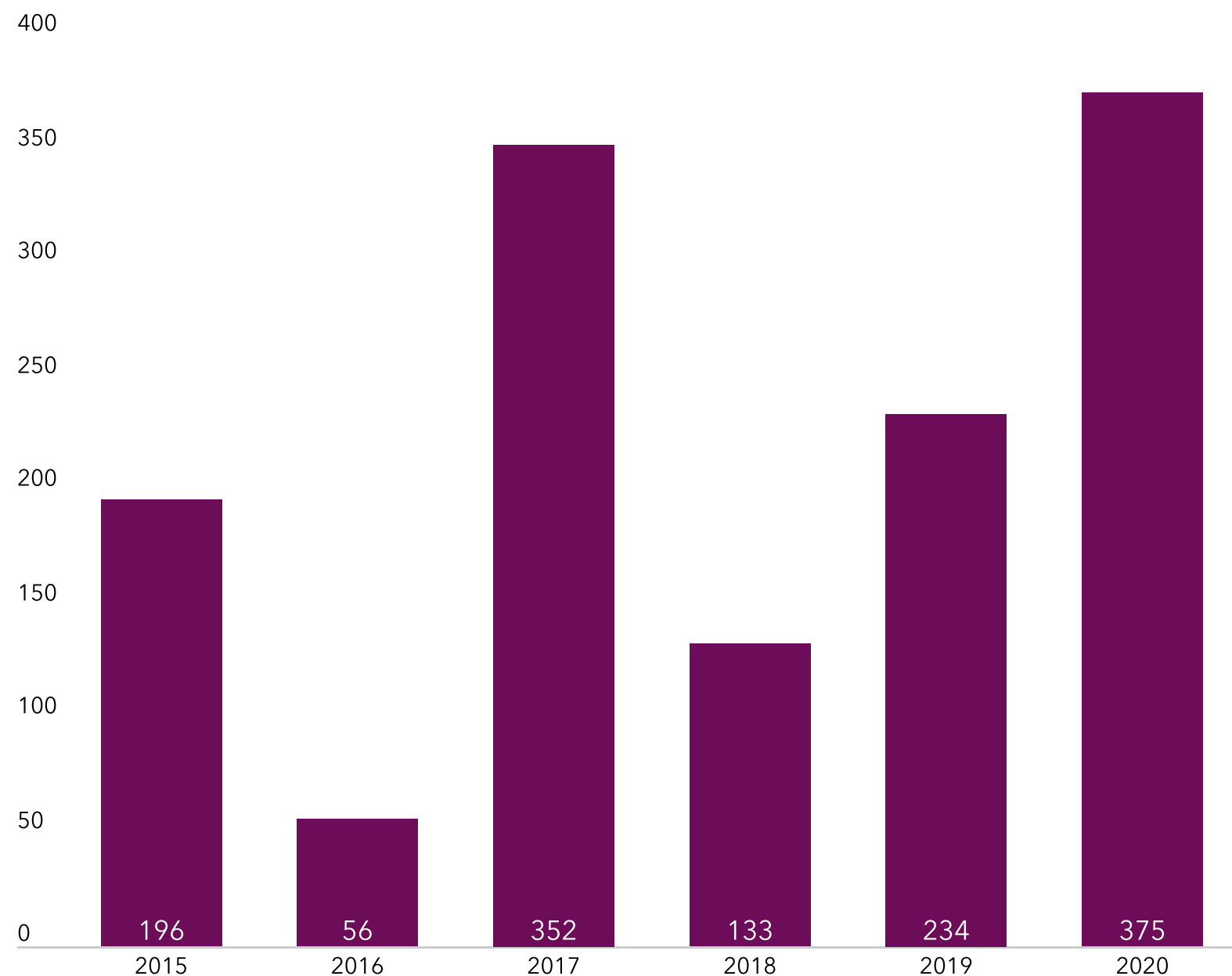


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# ... with the average fund size also rising sharply

Overseas LPs are showing more appetite for Japanese private equity, which Japan-based GPs are looking to target with their current funds

## Average size of Japan-focused private equity funds, 2015-20 (\$m)



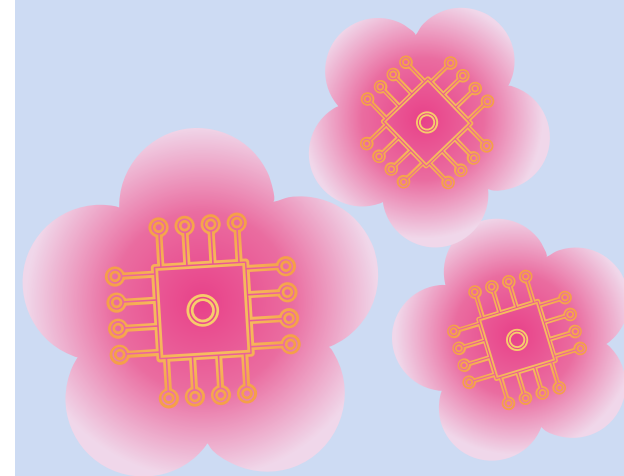
Source: Private Equity International

# \$2.4bn

Carlyle Japan Partners IV closed in March 2020 on double the size of its predecessor

# 75%

Of funds met or exceeded their targets last year



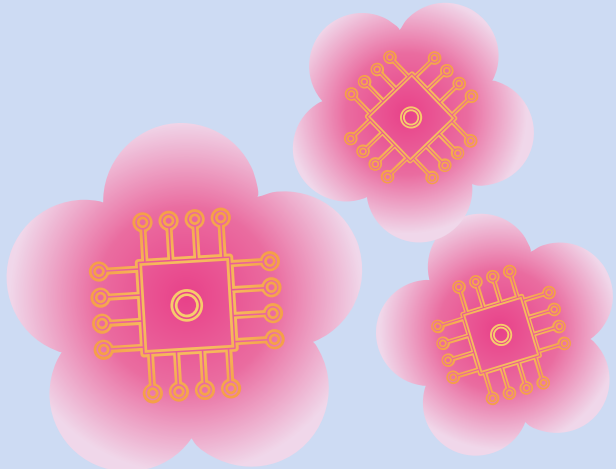
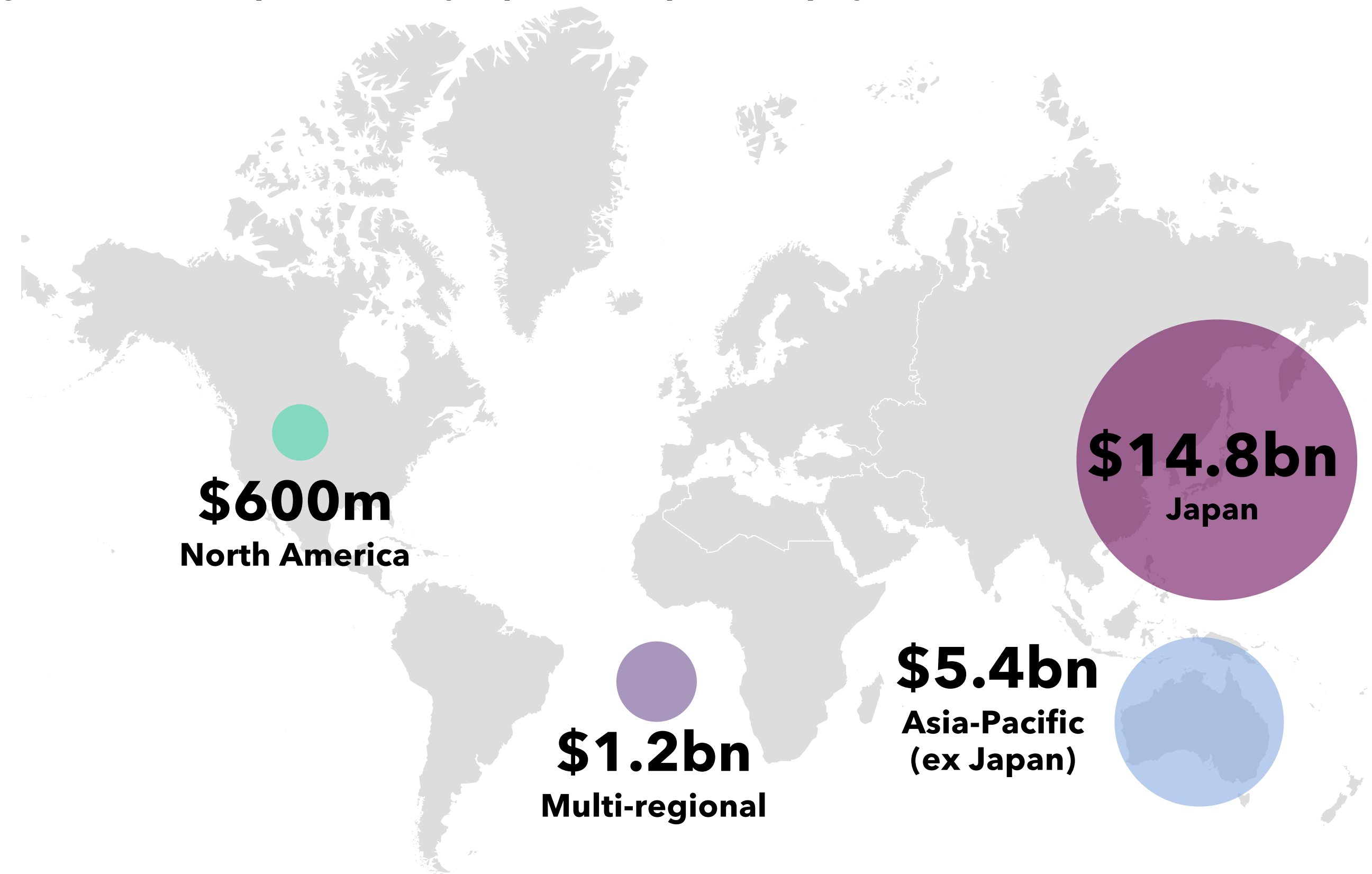
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**Private Equity International**



# Most capital is directed domestically

Regional focus of capital raised by Japan-based private equity funds, 2015-20

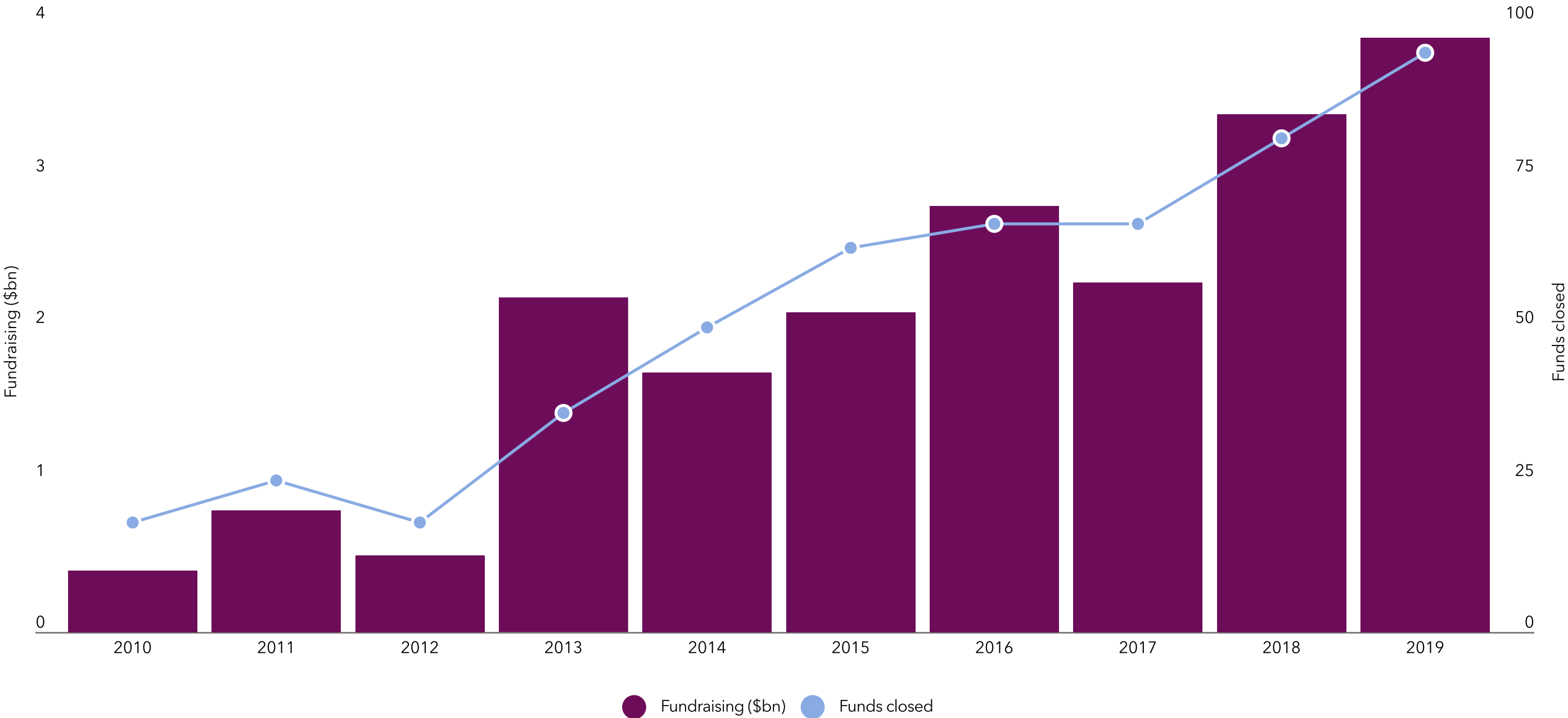


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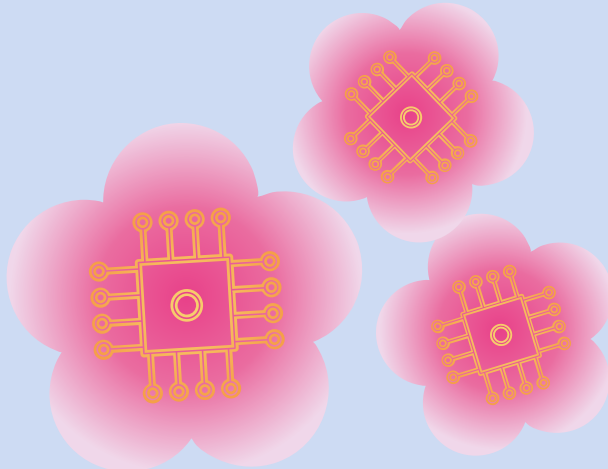
# Japan's venture landscape is blooming

The country's VC market is maturing as investment volumes rise and sentiment around innovation continues to evolve

## Japan-focused VC firms raised more than \$3bn in 2019



Source: Private Equity International

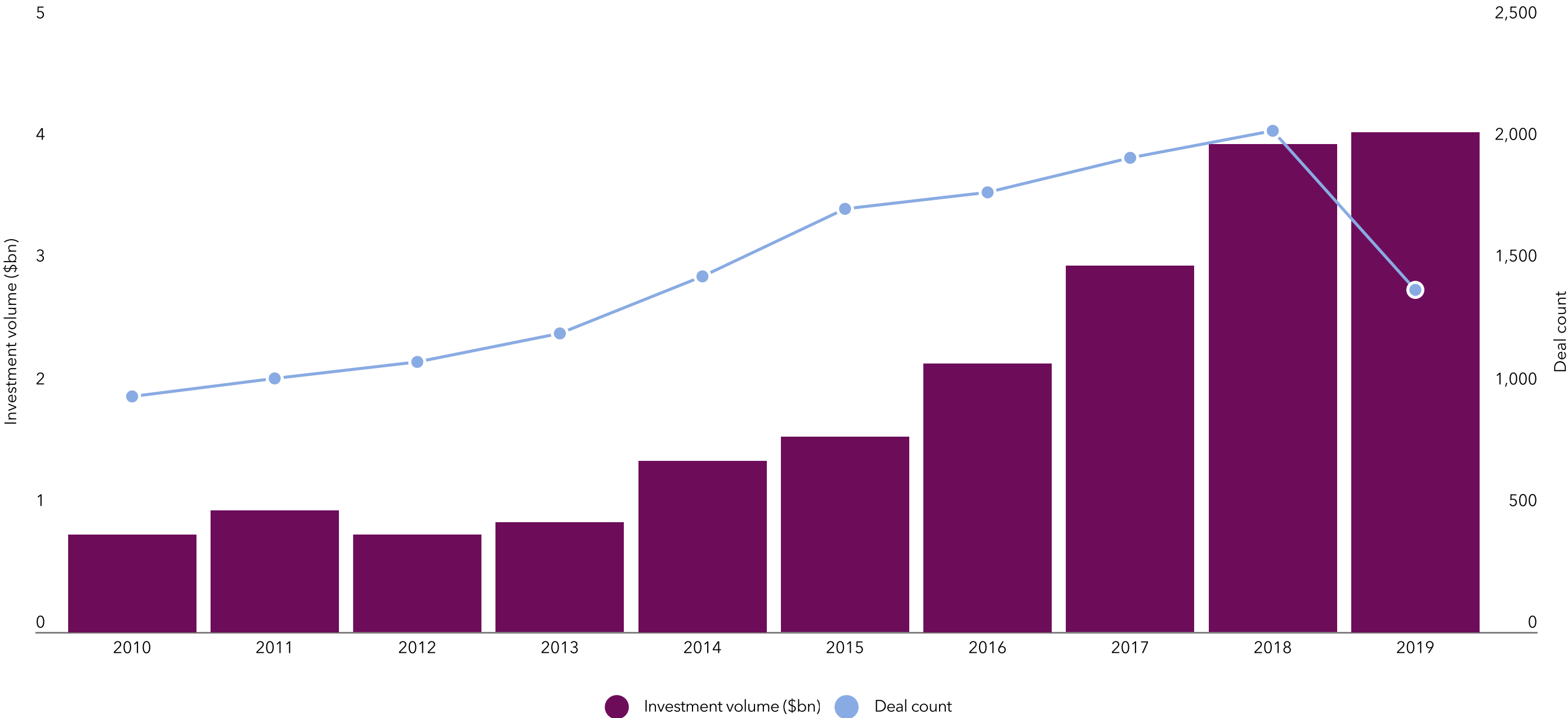


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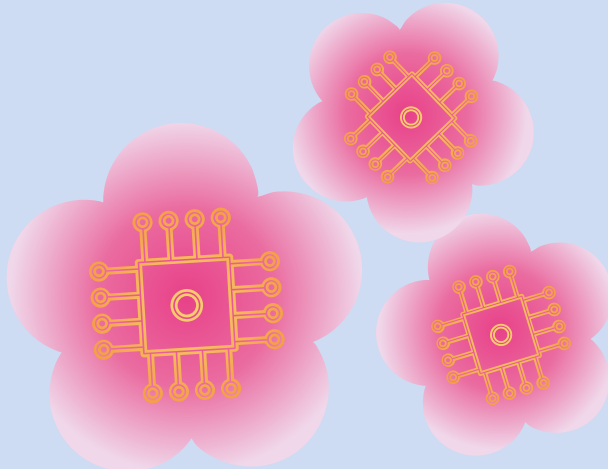
# That suggests a bright future for Japan's burgeoning venture market

The market is growing rapidly and has all the ingredients it needs to start to scale to its potential

**More than \$4bn was invested into start-ups in Japan in 2019**



Source: Private Equity International



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# Change is in the air

Shifting LP attitudes and new GPs entering the market signal a dynamic future for private equity in Japan



**The largest amount of venture investment that has happened in Japan is mainly from new GPs. Before, companies raised money from a variety of financial institutions and the big companies**



Tak Miyata,  
Scrum Ventures



**I have seen a massive change since we last raised a fund. Previously, LPs viewed Japan as part of their Asia allocation. There is now much greater awareness that Japan is distinct from other Asian markets... So, we are seeing Japan-specific allocations among many LPs now**



Kazuhiro Yamada,  
Carlyle



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# Private Equity International

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