

**Role of TAMA Fund
with regard to
TAMA Industrial Vitalization
Association Inc.**

**Seibu Shinkin Capital Corporation
February, 2006**

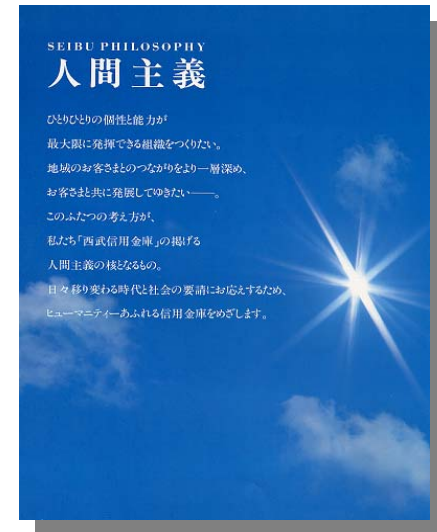
TAMA Industrial Vitalization
Association Inc.
&
Seibu Shinkin Bank

1 Seibu Shinkin Bank

(1) Corporate Philosophy

~ Human resources are most important ~

We would like to make all the individuals bring out their personality and ability to the maximum.



Our wish is to develop together with our customers with closer relationship.

(2) Outline of Seibu Shinkin Bank

We contribute to our customers offering “safe deposit and healthy financing” and also strengthen supporting business activities and assets management. We make much of compliance managing the risks thoroughly and contribute more to the region.

<Outline> (As of end of September, 2005)

Total deposits :1 trillion 178.8 billion (yen)

Total loans : 839.4 billion (yen)

Loan-to-deposit ratio: 71.2%

Net worth ratio: 9.17%

No. of offices: 61

Area: Tokyo, South-west Saitama, Central Kanagawa



2 Supporting small and medium-sized enterprises

(1) Linkage with Industrial Cluster Project supported by Kanto Bureau of METI (TAMA Association)
Linkage with Industry, universities and government
+ Financial Sector



We have held business plan contests, business fairs and matching with VCs in cooperation with the TAMA Association since 2001.

(2) The 5th Seibu Business Fair

We co-organize business support events consisting of “Business Exhibition” and “Business Matching Meeting” organized by “Seibu New Leaders Club 21.”

In May, 2005 we held the first business fair as Shinkin Bank in East Japan and in November, 2005 the 6th Seibu Business Fair at Shinjuku NS Building.

Number of firms that participated: 129

Number of attendees: 4,100



(3) The 6th Business Matching Meeting

<November, 2005>

The theme : “feature on technology” such as sheeting, welding, grinding, external treatment, etc. SMEs with such qualified technology made presentation to larger corporations.

Beforehand we held seminars to instruct how to introduce their technologies efficiently, and also had individual counseling, preliminary drills several times.

No. of business talks:	631
No. of agreed orders:	18
Total:	thirty million yen



Presentation



Business talks

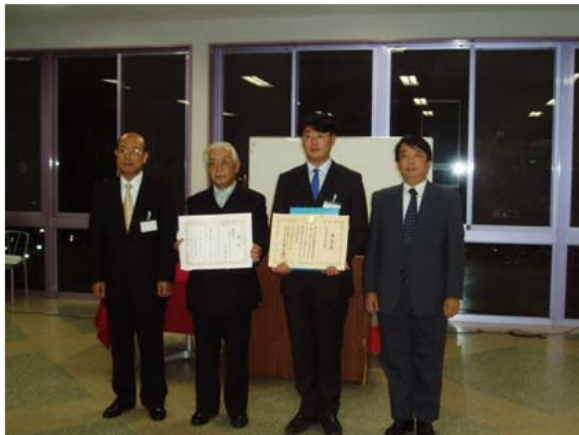
(4) The 5th TAMA Business Plan Contest in 2005

<November 18th, 2005 at Tokyo University of Agriculture & Technology >

In this contest, we focused on how to brush up the skills of attendants from drawing out business plans to the way to introduce their technology efficiently by the specialists.

**Mr. Yamazaki (Board Chairman of SSCC)
and the first prize winner: “Luke 19
Co.,Ltd”**

Business plan theme: Sample department store



**Mr. Maeno (Representative of Kanto
Regional Bureau of METI), Mr.
Yamazaki (Board chairman) with the
Award winner: “Cosmo Technology
Co.,Ltd” (in SIO)**

**Business plan theme: Sales of HLG
system and coating construction
business utilizing HLG system**

(5) MINI TAMA MEETING

<MINI TAMA Santama Meeting>

This is the place where executives of firms, university professors, Kanto Regional Bureau of METI and local governments can exchange opinions freely and frankly.

<MINI TAMA East Meeting>

This is the place where firms in TAMA and Tokyo metropolis can form networks integrating their respective realms of expertise.



(6) Installation of Seibu Business Portal Site

We offer various matching services and project-support information for all SMEs which are not yet successful in spite of their high technology and high quality products. (Information of approximately 2,700 firms available now on our web-site)

製品・技術・サービス

企業情報

所有設備

有資格者

企業資格



西武ビジネスポータルサイト

(7) Seibu Business Fair & Business Matching Meeting

- ◆ **The 3rd meeting (May, 2002)** Firms which participated : **204** Attendees: 6,400
[No. of business talks] Negotiation: **80** Agreed: **46** Amount: **42** million yen
[No. of matchings] Negotiation: **40** Agreed: **5** Amount: **135** million yen
- ◆ **The 4th meeting (May, 2003)** Firms which participated: **231** Attendees: 6,900
[No. of business talks] Negotiation: **659** Agreed : **54** Amount: **108** million yen
[No. of matchings] Negotiation: **47** Agreed: **7** Amount: **22** million yen
- ◆ **The 5th meeting (July, 2004)**
[No. of firms] Firms which received orders: **21**
Firms which ordered: **53**
[No. of matchings] Negotiation: **54** Agreed: **5** Amount: **33** million yen
- ◆ **The 5th Business Fair (Nov, 2004)**
[No. of firms] **145** (at Shinjuku NS Building)
[No. of attendees] **3, 400**
[No. of matchings] Negotiation: **418** Agreed: **21** Amount: **123** million yen
- ◆ **The 6th Business Fair (Nov. 2005 at Shinjyuku NS Building)**
[No. of firms] **129**
[No. of attendees] **4, 100**
[No. of matchings] Agreed: **631** Agreed: **18** Amount: **30** million yen

(8) Business Network of Seibu Shinkin Group

Seibu Shinkin Bank tries to support business matchings and offers necessary information successfully as a regional coordinator in cooperation with the TAMA Association.



Role of TAMA Fund **in the** **TAMA Region**

1 Introduction of Seibu Shinkin Capital Corporation

(1) Founded in February, 2003

- ◆ The first Venture Capital with regard to Industrial Cluster Project
- ◆ Venture capital in the region
- ◆ In April, 2003 the first fund was set up

Seibu Shinkin Bank founded Seibu Shinkin Capital Corporation with its 100% investment to foster industries in the TAMA region. Seibu Shinkin Capital Corporation conducts business evaluation and hands-on supports efficiently in cooperation with the TAMA Association, the TAMA-TLO and various other networks.



(2) Corporate Profile

Corporate name: Seibu Shinkin Capital Corporation

Foundation: February 20th, 2003

Capital: fifty million yen wholly invested by Seibu Shinkin Bank

Board Members:

Board chairman	Mr. Yamazaki
President	Mr. Hanzawa
Director	Mr. Matsushita
Director	Mr. Naganuma
Director	Mr. Sakakibara
Director	Mr. Kajiura
Director	Mr. Ochiai
Auditor	Mr. Kashiyaama

Business Outline

- 1) Investment to start ups and new businesses
- 2) Consultation about management strategy
- 3) Consultation about financial /tax practice
- 4) Support to develop businesses
- 5) Support in IPO
- 6) Intermediation and consultation regarding M&A
- 7) Management and administration of Seibu Incubation Office

Features:

- (1) We contribute to regional economic development through fostering Japanese-style venture businesses on equal footing as a venture capital in the region.
- (2) We cooperate closely with Seibu Shinkin Bank, the TAMA Association and the TAMA-TLO.
- (3) We make various plans for the firms which are not interested in IPO.
- (4) We execute friendly M&A for the continuation of the firms .
- (5) We provide Seibu Incubation Office (for the firms to start up businesses.)



(3) Seibu Incubation Office (SIO)

Seibu Shinkin Group founded SIO to foster venture businesses in the region. The SSG set up an accounting firm and an incubation manager in the SIO for daily consultation.

The SSG also strengthens the cooperation with the TAMA Association and the TAMA-TLO to support tenant firms.

Foundation:	July, 2003
Location:	Seibu Shinkin Yakushi-ekimae branch
No. of rooms:	14 (13.50~27.00m²)
Rent:	2,000 yen/m²
No. of tenant firms:	8 in 10 rooms (As of end of December, 2005)



SIO is on the 4th & 5th floors of Seibu Shinkin Yakusiekimae branch.

2 Role of TAMA Fund

(1) Purpose of TAMA Fund

- ◆ **Linkage among industry, academia and government + Financial support**
 - ◆ **Integration of subsidy, direct & indirect financing (bridging over death valley)**
 - ◆ **Hands-on support**
-
- (1) The fund invests in manufacturing industries, IT, bio-technology, nanotechnology and other high-technology industries that plan start-ups, second start-ups or new investment etc.**
 - 2) The fund invests based not on their financial state or securities, but on evaluation of management ability, marketability and merchantability of the firms.**
 - (3) The fund implements hands-on supports from management, marketing, purchasing, selling and distribution utilizing various networks.**
 - (4) The fund aims for living together with the TAMA region through supporting regional SMEs.**

(2) Outline of TAMA Fund

<As of end of December, 2005>

Name	The first TAMA Fund	The second TAMA Fund	The first Shopping District Fund
Total Amount Investor Investment Amount	<p>1 billion</p> <p>Seibu Shinkin Bank: 990 million Seibu SC: 10 million</p> <p>(unit: ¥)</p>	<p>1 billion</p> <p>SMRJ 500 million Seibu Shinkin Bank: 490 million Seibu SC: 10 million</p> <p>(unit: ¥)</p>	<p>1 billion</p> <p>SMRJ 500 million Seibu Shinkin Bank: 490 million Seibu SC: 10 million</p> <p>(unit: ¥)</p>
Foundation Period	<p>April, 2003</p> <p>10 years</p>	<p>March, 2004</p> <p>10 years</p>	<p>August, 2005</p> <p>10 years</p>
Category of Businesses	<p>Manufacturing industries and others</p>	<p>IT, Bio, Nanotechnology High-technology Industries</p>	<p>Distribution Industries & Service</p>

SMRJ: Organization for Small and Medium Enterprises and Regional Innovation, Japan

(3)Investment Policy of TAMA Fund

◆Investment area

Region covered by Seibu Shinkin Bank and the TAMA Association
(Tokyo, Southwest Saitama and Central Kanagawa)

◆Invested businesses

【Ratio】

1. 70% to the firms in start-up stage (seeds stage) and in early stage
- 2 .30% to the firms in middle stage and in later stage

【Industries】

- | | |
|-----------------------------|---|
| 1. Manufacturing : | 60%(mainly Bio and Nanotechnology, Environmental) |
| 2 . Distribution & Service: | 20% (mainly firms coming to a franchise) |
| 3. Information : | 20% (IT・Contents etc.) |

◆Investment flow

Investigate business contents → Review by chartered accountant (expense paid by the firm)
→ Investment Committee (TAMA Association TAMA-TLO) → decision by the board of directors

◆Criteria for investment

1. Evaluation of management personnel, technical capabilities, differentiation measures such as patents marketability, financial state and judgment also from business contents, capability, profitability, finance etc.
2. Possibility to produce a surplus within 3 years/possibility of IPO in the near future
3. After invested, firms enroll in the TAMA Association as a general role.

◆Investment and Collection of fund

1. Investment.: Stocks, corporate bonds, convertible bonds, etc.
2. Collection of fund: IPO, sales of stocks, short cover of stocks, stock clearing, redemption of bonds, etc.

(4) Business Network of TAMA Fund

**TAMA
Association**

TAMA-TLO

**Tokyo Univ. of agriculture
& Technology Yokohama
National Univ. Tokyo Metro-
politan Institute of Technology
and other TAMA Assoc.
member universities**

**Kanto Regional Bureau of METI
Organization for SMEs and Regional
Innovation, Japan
National Institute of Advanced
Industrial Science and Technology
Tokyo Metropolitan Industrial
Technology Research Institute
Tokyo Metropolitan Small Business
Promotion Agency**

**Shinkin Capital Corp.
The Univ. of Tokyo Edge
Capital Co.,Ltd
JAFCO Co.,Ltd NIF
Ventures Co.,Ltd and others**

**Seibu Shinkin Bank Group
Seibu Shinkin Bank
Seibu Shinkin Capital Corp.**

**Shinkin Bank Leaseing
Co.,Ltd IBJ Leasing
Co.,Ltd and others**

**Fuji Electric Holdings
Co.,Ltd
Yokogawa Electric Corp.
Onizuca Glass Co.,Ltd
Tosei Electrobeam Co.,Ltd
and other TAMA Assoc.
member firms**

**Tokyo Metropolitan Federation of
Societies of Commerce & Industry
Ome CCI
Fussa CCI
Hamura CCI
Nakano Ward, Suginami Ward
Sagamihara City
and other local governments**

**Chuo Sogo Business
Consulting Co.,Ltd
Chuo Sogo Zeirishi
Hojin**

(5) Support Contents of the TAMA Fund

Supporting Organization:

- ◎ Seibu Shinkin Capital Corp., Seibu Shinkin Bank, Advisory group
- ◎ TAMA Industrial Vitalization Association Corporation, TAMA—TLO
- ◎ Organization for Small and Medium Enterprises and Regional Innovation, Japan
- ◎ Tokyo Metropolitan Small Business Promotion Agency
- ◎ Chuo Sogo Business Consultant Co., Ltd, Chuo Sogo Zeirisihi Hojin

How to support:

- ◎ Introduce direct/indirect financing and Seibu Incubation Office (SIO)
- ◎ Support application for subsidy in research and development Offer bridge financing
- ◎ Introduce universities (cooperation between Industry and Academia)/firms to order or sell
- ◎ Dispatch technical coordinators, engineers and management consultants
- ◎ Implement making business plans and training
- ◎ Train how to introduce products Support sales /distribution
- ◎ Advance consultation for business matching (in Seibu business fair), follow-up, Introduce trading firms and sales representatives
- ◎ Support sales to the customers of Seibu Shinyo Bank, TAMA Assoc. member firms and regional SMEs etc.
- ◎ Introduce Mini TAMA Santama meeting and management seminar
- ◎ Support over-the-counter trading, **M&A, succession of business** Legal/tax/financial consultation
- ◎ Promote franchise

Current Situation & **Issue of** **TAMA Fund**

1 Current Issue of TAMA Fund

(1) Achievement of TAMA Fund

<As of end of December, 2005>

<Investment >

Name	No. of firms	Sum of Investment
The first TAMA Fund	27	684 million
The second TAMA Fund	11	289 million
Sum of the first and second TAMA Fund	38	973 million
The Shopping District Fund	1	30 million
Total Amount	39	1,003 million

<Regional Distribution>

(unit: ¥)

Tokyo 23 Wards	33	Hachioji City	1
Ome City	2	Yokohama & Atsugi City	2
Musashino City	1	Total	39

<Category of Businesses-1 >

Service	12	Distribution	4
IT	11	Biotechnology	2
Manufacturing	10	Total	39

(1) Investment Cases of TAMA Fund

<The 1st TAMA Fund>

Firm A

plans to develop more in various areas by applying Far-Infrared rays.

Description of Business:

Design, production and distribution of heating devices for LCD panels and electronic parts, Far-infrared ray heaters and its applied devices



<The 2nd TAMA Fund>

Firm B

plans to run a sample department store to distribute samples on website

(Highest Award Winner in the TAMA Association Business Plan Contest)

Description of Business:

“Sample Department Store” on website

“Strategic Planning Room” “Customer Survey” for firms by the members



<The first Shopping District Fund>

Firm C

plans to develop casual restaurants where people can enjoy healthful dishes based on vegetables and carefully prepared by chef (name of restaurant: “chef’s V”) in commercial areas

Description of Business:

Health-conscious restaurant
(7 restaurants managed directly
so far, and 15 more to be
franchised)



(3) Support contents

- **Dispatch manpower such as part-time board members, advisors, observers, engineers and introduction of accountants**
- **Support financially: organize matching meetings to introduce banks, guarantee associations, subsidy schemes and other VC businesses**
- **Support making business plans including cash flow and capital policy, etc.**
- **Introduce customers and suppliers at Seibu business fairs, Seibu business matching meetings, Seibu Shinkin Group and also on Seibu portal website**
- **Introduce various supporting menus of the TAMA Association, patents of the TAMA-TLO and introduce to university professors**
- **Encourage admission to the TAMA Association (Nakano Ward gives financial aid - 50 % of the annual fee)**
- **Introduce Kanto Regional Bureau of METI, Organization for Small and Medium Enterprises and Regional Innovation, Japan, Tokyo Metropolitan Small Business Promotion Agency, Industrial development departments of local governments etc. Support participation in industrial exchange fairs, venture fairs by public organizations**

2 Issue of TAMA Fund

(1) Increase Investment into TAMA Region

(Refer to p.23 as for regional distribution)

- Mini TAMA Santama Meeting
- Mini TAMA East Meeting
- Sagamihara City South-east Forum
- Hashimoto branch to be opened in June
- Ome Line region
- Atsugi region

(2) Increase Investment into Manufacturing Industry

(Refer to p.23 as for category of businesses)

- Product-processing SMEs with qualified technology
- Product-developing SMEs which could be No.1 in niche market

(3) Financial Assistance in M&A and MBO for Succession of Businesses and Technology

(4) Promote integration of Indirect Financing and Direct Investment

- Actual achievement -Three billions yen in three years

Thank you very much for your attention.

ADDRESS:

29-10 Nakano 2-chome, Nakano-ku,
Tokyo 164-8688

TEL: 03-3384-6140 (switchboard)

FAX: 03-3384-6190

URL <http://www.seibucapital.co.jp>

