

Cool Japan Fund Inc.

Tokyo, June 20, 2016

Investing in the Platform of Japanese F&B and Retail Expansion in the Middle East

Cool Japan Fund (CJF) is pleased to announce the establishment of a platform to support the expansion of Japanese F&B (food and beverage) and retail companies to the Middle East. CJF is investing 10 million AED (*1) to launch a joint-venture, Cipher Nippon Investment L.L.C. (Cipher Nippon), in United Arab Emirates (UAE) together with Cipher Investment L.L.C. (Cipher).

With high entry barriers, Japanese companies, especially in the F&B and retail industry, have been facing difficulties starting business in the Middle East. However, with extensive knowledge of local business and a wide network with governments and influential conglomerates in the region, this strong partnership between CJF and Cipher will now help Japanese companies enter the Gulf Corporation Counsel (GCC) countries (*2) and North Africa (MENA) region. Starting from UAE, the region will soon be able to sample authentic Japanese food. Those Japanese companies are expected to become pioneers to the region.

The first brands to be made available to the region from this platform are Tsukiji Gindaco and Gin no an (Croissant Taiyaki), the Takoyaki and Taiyaki brands of HOTLAND Co., LTD. (Hotland).

With this platform, CJF anticipates that attractive Japanese food and other products will be spread throughout the region and people's familiarity with the rich Japanese culture will increase.

(*1) AED : UAE dirham, 1 AED = 28.48 JPY (rate as of June 20, 2016)

(*2) Gulf Corporation Counsel countries: Saudi Arabia, UAE, Bahrain, Oman, Qatar, Kuwait

With its growing young and multicultural population, its fundamental position as a popular tourist destination as well as an international hub for businesses, and a number of investment projects going forward in anticipation of EXPO 2020, the F&B market in UAE has been showing strong growth. International fast food and casual dining restaurants are successfully making inroads into the UAE market.

Although globally renowned fast food restaurants can be found in every corner of the market, the existence of unique Japanese F&B brands is still very limited. Although one may find the famous “sushi rolls”, the broad variety of authentic Japanese food is not readily available. Japanese companies usually find that the barrier to entering the market is very high, with challenges such as adjusting to halal, differences in business practices and legislative systems, and restrictions on foreign investment. To overcome those obstacles, it is necessary to build partnerships with local companies.

CJF is establishing a partnership with Cipher by investing 10 million AED in a joint-venture, Cipher Nippon. Through this solid partnership, CJF seeks opportunities to support Japanese companies in dealing with the obstacles and advancing into the Middle East market. Cipher brings to the partnership its extensive knowledge of local business and a wide network with the governments and influential conglomerates.

Cipher Nippon will be entering into alliances, including franchising agreements, with Japanese companies who are eager to enter the region, and it will develop chain operations of those Japanese brands throughout the region. Cipher Nippon will take responsibility for A-to-Z store management, from finding store locations, brand promotion, daily operation, to hiring and training employees. Once the brands are widely recognized in UAE, Cipher Nippon aims to expand into other GCC countries and the wider MENA.

The first Japanese company to enter the market on this platform will be Hotland, the operator of Tsukiji Gindaco and Gin no an (Croissant Taiyaki), the largest Takoyaki and Taiyaki brand chains in Japan. Cipher Nippon will be the franchisee of Hotland and will open stores in the region. This will be Hotland’s first entry to the Middle East market. Cipher Nippon is currently negotiating with second and subsequent companies.

Cipher has already started importing and distributing Japanese wagyu to UAE. Under this strong partnership with CJF, Cipher Nippon has plans to further expand the trading business of Japanese wagyu.

Beyond the F&B industry, Cipher Nippon is seeking alliances with Japanese retail companies in sectors such as cosmetics and merchandising goods. It aims to become a platform for all Japanese F&B and retail companies looking to advance into the Middle East.

With this initiative, CJF supports the entry of Japanese F&B and retail companies into the MENA market and helps them become pioneers in the region. It also anticipates that attractive Japanese foods and products will be spread throughout the region and that people's familiarity with the rich Japanese rich food culture will increase.

[Cipher Investment L.L.C.]

Date of Establishment	April 2011
Place of Establishment	Dubai, UAE
CEO	Fahad Al Gurg
Business Description	Investment, Advisory, Trading

[Cipher Nippon Investment L.L.C.]

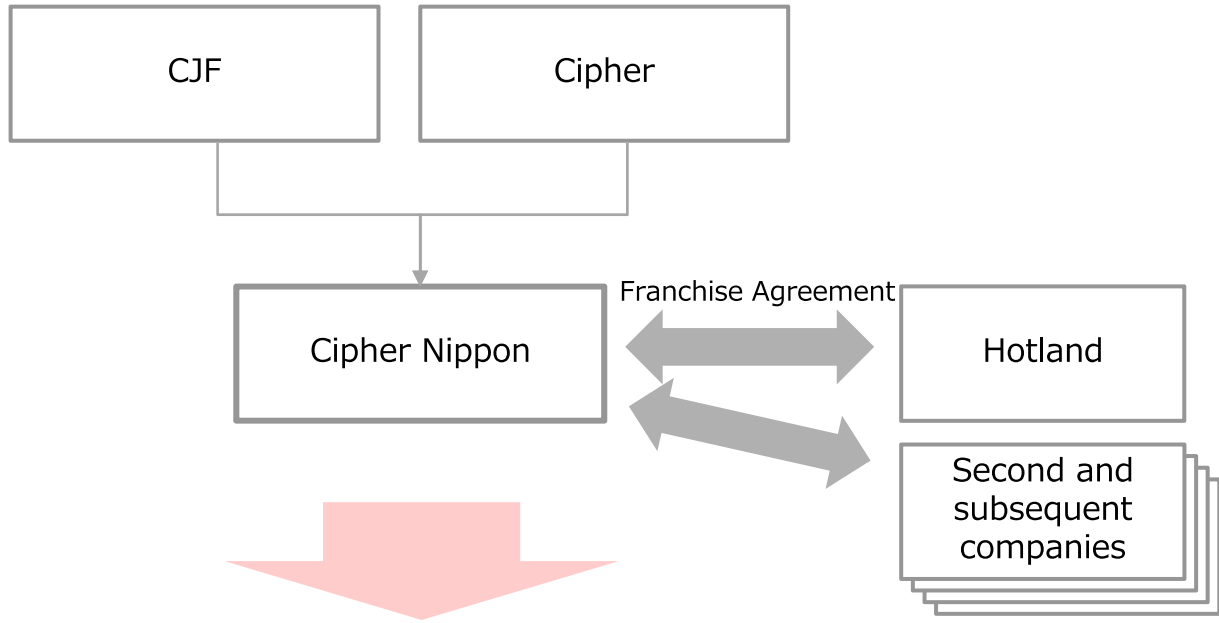
Date of Establishment	March 2014
Place of Establishment	Dubai, UAE
CEO	Fahad Al Gurg
Business Description	Import and Sales of Japanese food and products Store operation of Japanese F&B and retail Advisory on F&B
Achievement	Import and sales Japanese Wagyu

[HOTLAND Co., LTD.]

Date of Establishment	June 1991
Place of Establishment	Tokyo, Japan
CEO	Morio Sase
Business Description	Direct management, contract operations and development of franchises in Japan and overseas of Tsukiji Gindaco and other brands
Webpage	http://www.hotland.co.jp/

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[Project Image]



Middle East and North Africa Region

○ Expansion of Japanese F&B and Retail Concepts



※The photos above are images of "Tsukiji Gindaco" and "Gin no an" (Croissant Taiyaki).

○ Import and Distribution of Japanese wagyu

※Cipher Nippon already started Japanese wagyu business in UAE and plan to further expand.