

INCJ sells holding in Chilean water company Aguas Nuevas S.A.

Tokyo, April 14, 2020 – INCJ, Ltd. (“INCJ”) announced that it has sold all its shares in INCJ Water Unit 1, Ltd. and INCJ Water Unit 2, Ltd.—member companies of a consortium that invests in Aguas Nuevas S.A.— to MG Leasing Corporation, a joint corporation of Marubeni Corporation and Mizuho Leasing Company, Limited (each a 50.0% shareholder).

About Aguas Nuevas S.A.

Established: 2004

Headquarters: Santiago, Chile

CEO: Salvador Villarino Krumm

Shareholder composition: INCJ, Ltd. (50%), Marubeni Corporation (50%)

Business outline: Business management of water and sewage concession in Chile, water supply for mining businesses, engineering, operations and maintenance services

About MG Leasing Corporation

Established: December 1993

Headquarters: Chiyoda-ku, Tokyo

President and CEO: Mitsuru Akiyoshi

Shareholder composition: Marubeni Corporation (50%), Mizuho Leasing Company, Limited (50%)

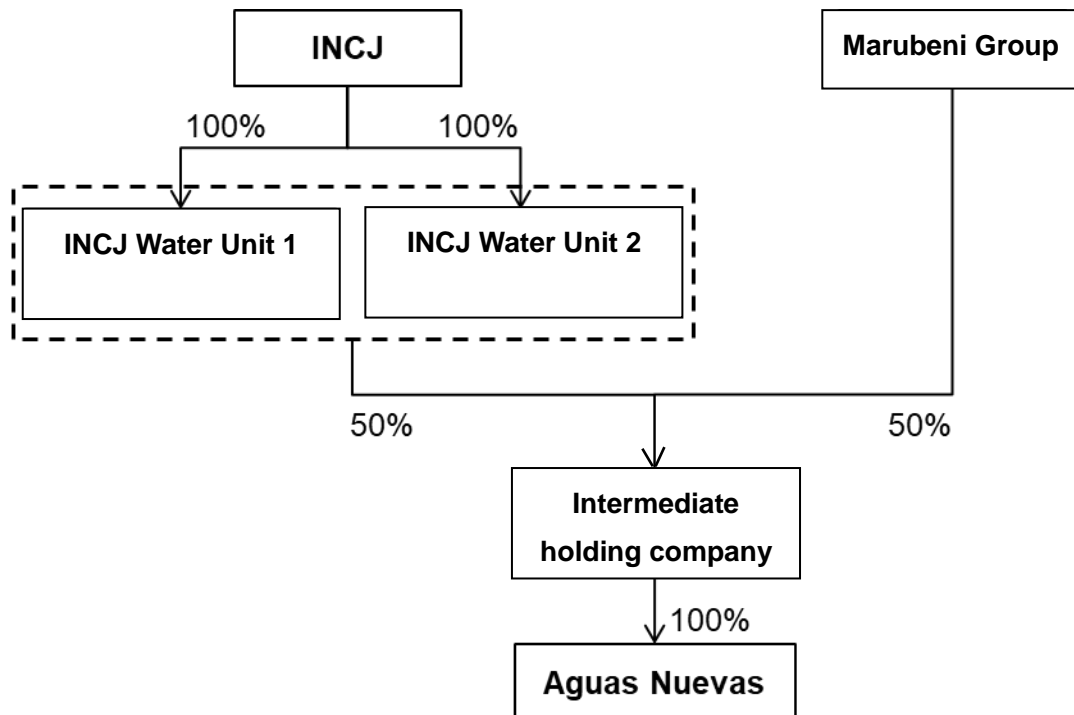
Business outline: General leasing and related business

About INCJ, Ltd.

INCJ, Ltd. was established in September 2018 via company split from Innovation Network Corporation of Japan (INCJ). INCJ was established in July 2009 with the aim of overcoming boundaries between companies and industries, creating and nurturing key industries via open innovation for the prosperity of future generations. Following revisions to its governing law—the Industrial Competitiveness Enhancement Act—the continuing company changed its name to Japan Investment Corporation (JIC) and began new activities. INCJ, Ltd. is mandated until March 2025 to pursue the activities of the original Innovation Network Corporation of Japan, engaging in “Value Up” initiatives at portfolio companies, making additional and milestone investments, and developing exit strategies from investments in portfolio companies.

URL: <http://www.incj.co.jp/english/>

Shareholding structure



As of March 30, 2020

Appendix

Target company: Aguas Nuevas S.A.

Established: 2004

Headquarters: Santiago, Chile

Representative: CEO Salvador Villarino Krumm

Business outline: Business management of water and sewage service concessions in Chile, water supply provision for mining businesses, engineering, operations and maintenance services

Overview of investment

Authorized investment: Undisclosed

Amount invested: Undisclosed

Co-investors: Marubeni Corporation

Investment announcement: November 2010

- Press release: <https://www.incj.co.jp/newsroom/2010/20101101-2.html> (Japanese only)
- Investment structure
<https://www.incj.co.jp/english/performance/upload/docs/AguasNuevas.pdf>

1. Background of the investment

- The water industry, including water and sewage services, is positioned as a growth business, but overseas entities such as major European water companies have taken the lead in global expansion and dominate the market.
- Amid these circumstances, Marubeni approached INCJ with a proposal for the joint acquisition of Aguas Nuevas, Chile's third largest water company. Marubeni had previously acquired Aguas Decima and so had a track record in the sector.
- To support the entry of Japanese businesses into global water markets, INCJ announced the joint acquisition of Aguas Neuvas on November 2010 in the expectation of gaining insight into privatizing the water business and for private businesses to cooperate in plans for EPC contractors* in Japan.

*EPC contracts: Companies undertake a series of operations which include engineering, procurement, and construction

2. Business progress

- Led by Marubeni, Aguas Nuevas' business expanded, forming a highly profitable operations model, and Marubeni is now known as a leader in this sector.
- Marubeni leveraged the expertise in privatization it gained in Chile, a leader in the water industry, to expand investments into Portugal, Brazil, and the Philippines. At the same time, Marubeni also started cooperation among water related companies held by Japanese consortiums.

- Marubeni expended its business steadily, including the joint acquisition of Aguas Chanar in Chile with a local infrastructure fund in 2018.

3. Reason for exit

- In the nine years since INCJ invested in Aguas Nuevas, business has steadily progressed, and investment aims, such as providing support for Japanese companies in global water markets, gaining insight into privatizing water businesses, and cultivating human resources with expertise in this area, have been achieved. Thus, INCJ began exit procedures.
- As a result of discussions, which included considering selling shares to local companies, it was concluded that INCJ would sell all its shares in INCJ Water Unit 1 and INCJ Water Unit 2 to MG Leasing Corporation.

Press Contacts

Japan Investment Corporation Communications Office: Irie, Sakai
21st Floor, Marunouchi Eiraku Building 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Tel. (03) 5218-7202