



## Monthly Newsletter: December Edition

*This newsletter aims to share the latest updates from Tokyo as a global financial hub and FinCity.Tokyo*

### Updates from Tokyo – Global Financial Hub

#### <Recent news>

- **Hedge funds focus on Japan's USD 165 billion real estate trade** – Global hedge funds and private equity firms are increasingly targeting Japanese companies to capitalize on undervalued real estate. Many companies record property at historical cost, resulting in significant unrealized gains as market prices rise, especially in urban areas. Prominent investors, such as Elliott Investment Management and Yoshiaki Murakami-linked funds, are pressuring firms like Tokyo Gas, Keisei Electric Railway, and Keikyu to sell or optimize these assets. Goldman Sachs estimates potential gains of up to ¥25 trillion in sectors like railways and utilities. Private equity firms such as KKR and Bain Capital are acquiring companies to sell off their real estate assets for profit. Companies are also shifting to asset-light strategies under investor influence, as seen with Seibu Holdings divesting properties like ski resorts.
- **US private debt funds target Japanese market amidst increasing PE deals** – Private debt funds and credit lenders are increasingly focusing on Japan, eyeing growth in its private equity and buyout sectors. Golub Capital and Ares Management are expanding their presence, attracted by Japan's favorable investment climate despite a strong traditional banking sector. Golub Capital collaborates with Mizuho Financial Group for product distribution, hinting at future lending activities. Ares Management is actively growing in Japan, opening a new office and pursuing real estate acquisitions. The recent uptick in mergers and acquisitions in Japan, driven by regulatory encouragement from corporate governance improvements, creates fertile ground for private equity activities. Despite the inherent challenges in private credit lending, including maintaining low default rates and assessing borrower health, industry leaders view complexity as a competitive advantage. Overall, the strategic expansion into Japan by private credit and equity firms underscores a promising shift in the financial landscape, heralding sustainable growth and investment diversification in Asia's markets.
- **Fukuoka's International Financial City Plan Attracts 10 New Companies** – "TEAM FUKUOKA," promoting Fukuoka as an international financial hub, announced the entry of 10 new companies, including Singapore's Origgin Ventures and several Taiwanese banks, highlighting over 30 companies attracted since its founding four years ago. With its designation as a "financial and asset management special zone," Fukuoka aims to leverage its strong startup ecosystem, driven by local universities, for technological commercialization and global reach. Fukuoka Prefecture and City were both designated as a financial and asset management special zone in June. Fukuoka City Mayor and vice-chair of TEAM FUKUOKA Soichiro Takashima emphasized the ease with which

individual investors can fund venture capital in Fukuoka, as well as the unique advantages the city offers to businesses compared to other regions.

- **Hitachi and Major Financial Institutions Improve ESG Data Infrastructure to Support IFRS** – The "Sustainable Finance Platform Management Association," including Hitachi, Mitsubishi UFJ Bank, Nippon Life Insurance, and Tokyo Marine & Nichido Fire Insurance, announced at the beginning of the month that they will enhance their ESG data platform to comply with International Financial Reporting Standards (IFRS). This upgrade aims to support publicly listed companies in disclosing information according to IFRS and to facilitate investment by making it easier for asset managers to access registered ESG data from listed companies, including greenhouse gas emissions, gender ratio among executives, wage levels, and board composition.
- **World City Ranking: Tokyo becomes 3rd for 9th consecutive year, Osaka moves up to 35<sup>th</sup>** – The Mori Memorial Foundation's Institute for Urban Strategies in Tokyo released the "[Global Power City Index 2024](#)," evaluating 48 major cities worldwide. London ranked first, followed by New York, with Tokyo remaining in third place for the ninth consecutive year. Osaka improved its position by two spots to 35<sup>th</sup>, while Fukuoka remained 42<sup>nd</sup>. The rankings assess cities across six categories: economy, research and development, cultural interaction, livability, environment, and accessibility, using 70 indicators. Tokyo improved its scores in cultural interaction and accessibility due to an increase in inbound tourism, narrowing the gap with New York. Paris and Singapore took the fourth and fifth spots, respectively. Osaka, anticipating the 2025 World Expo, improved in accessibility and livability.

#### <Recent activities>

- **SuperReturn Japan (December 4 - 5, 2024)** – SuperReturn Japan, a premier private equity and venture capital event, was held at the Ritz-Carlton Tokyo. Bringing together various experts and industry leaders, this event is a significant platform in Japan for sharing insights and discussing key trends in the field. Over the two-day conference, professionals from both the public and private sectors of the financial industry engaged in panel-lead discussions, keynote presentations, fireside chats, and participated in closed-door workshops. Key topics included the global capital markets in review, an analysis of the private market in Japan, and reflections on emerging opportunities within private markets, and more.

#### FinCity.Tokyo updates

#### <Upcoming activities >

- **Tokyo Asset Management Forum 2025** – On January 24, 2025, FinCity.Tokyo will host the [Tokyo Asset Management Forum 2025](#) (TAMF). This year, the TAMF will once again host the "EM Showcase," featuring unique Emerging Managers (EM). The event will also facilitate discussions with domestic and international experts on topics such as impact investing and the allocation strategies of international institutional investors toward EMs. If you are interested and wish to register for the forum, please complete [the registration form](#).
- **FinCity Global Forum: Cape of Good Hope for Tokyo, International Financial City** – On January 24, 2025, FinCity.Tokyo will host the "[FinCity Global Forum: Cape of Good Hope for Tokyo, International Financial City](#)" (FGF 2025). The forum will dive deep into three critical themes essential for Tokyo's development as a financial center: ideas for implementing GX strategies in asset management, supporting the sustainable growth of startup companies, and advancing the wealth management sector, including family offices. If you are interested and wish to register for the forum,

please complete [the registration form](#).

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**ABOUT FINCITY.TOKYO**

**FinCity.Tokyo** is dedicated to raising Tokyo's profile as a global financial hub, with a focus on building a world-leading ecosystem for asset management and fintech. We work with the Government of Japan and the Tokyo Metropolitan Government, as well as 59 industry associations, major financial institutions, global investors, and service providers. You can find more information on [our homepage](#).

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If you have any questions or interview/briefing requests, please do not hesitate to contact us. We also welcome any requests for comments or quotes.

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