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UOB and Temasek joint venture to offer US\$500 million in venture debt financing for Asian start-ups

Singapore, 21 July 2015 – United Overseas Bank Limited (UOB) has entered into an agreement with Temasek to provide venture debt¹ financing to start-ups in China, India and Southeast Asia.

According to an EY report on venture debt², the potential market size for venture debt in Singapore, China and India is US\$2.2 billion. To help meet this demand, the UOB-Temasek joint venture will provide up to US\$500 million in venture debt loans over the next five years to high growth, innovative start-up companies operating in sectors such as technology, consumer, healthcare, and clean technology.

As part of the agreement, UOB will acquire a 50 per cent interest in InnoVen Capital (InnoVen)³, a wholly-owned subsidiary of Temasek. Subject to relevant regulatory approval, InnoVen will be a UOB-Temasek joint venture. UOB and Temasek will each commit up to US\$100 million of paid up capital to the joint venture.

Mr Eric Tham, Managing Director and Head of Commercial Banking, UOB Group, said that the collaboration brings together UOB's strengths and depth of experience in the small and medium enterprises segment, as well as Temasek's expertise as an investor in some of the world's top venture capital funds.

"Venture debt is important as it enables more of Asia's best start-ups to develop into world-class companies. We can see this in China and India which have vibrant start-up ecosystems, while Singapore is establishing itself as the start-up hub of Southeast Asia," Mr Tham said.

"Our joint venture with Temasek will encourage an even more vibrant community of entrepreneurs in these markets by providing an alternative for these start-ups to accelerate the commercialisation of their

¹ Venture debt is a type of debt financing provided to emerging venture-capital backed companies to accelerate their business growth. It provides an alternative to equity and bank financing, as these companies may not have the cash flow or assets to be used as collateral.

² "Building a Venture Debt Business in India, China and Singapore", EY, 28 Aug 2014

³ InnoVen acquired InnoVen Capital India (previously named SVB India Finance) in April 2015.

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business and to increase the valuation of their business without the need to pledge additional collateral or dilute their stake in the company.”

Mr Ong Beng Teck, Managing Director, Enterprise Development Group, Temasek said, “Temasek is committed to building InnoVen and promoting growth of innovative companies by working with entrepreneurs and venture capitalists across Asia. This new pan-Asian venture debt financing initiative will seek the next generation of leading companies, providing the support they need to scale and succeed.”

InnoVen is India’s largest provider of venture debt⁴ to high-growth innovative companies. In addition to the operations already established in India, the joint venture will establish subsidiaries in Singapore and China in the coming months to offer venture debt to fast-growing innovative companies in these markets.

UOB offers venture debt financing to Singapore-based high growth companies

Singapore-based start-up Reebonz is one such company that has used venture debt to meet its financing needs without diluting its equity.

In October 2014, UOB signed the first venture debt financing deal for a Singapore start-up when it offered Singapore-based luxury e-commerce e-tailer and marketplace Reebonz a venture debt loan. The venture debt loan from UOB was provided at an early stage of Reebonz’s expansion, thereby supporting Reebonz’s continued growth.

Mr Samuel Lim, CEO of Reebonz, said, “Venture debt financing from UOB has allowed Reebonz to bridge our capital and operational needs, further supplementing venture capital funding. In addition, this has allowed more flexibility in our funding options and allowed Reebonz to continue growing our business.”

Through the use of venture debt, UOB has also supported Heptagon, a provider of intelligent micro optics systems for smart devices, in achieving rapid growth over the last few years.

⁴ innovencapital.com

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About United Overseas Bank

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Western Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: AA1 by Moody's and AA- by Standard & Poor's and Fitch Ratings respectively.

In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and the Philippines, as well as branches and representative offices.

UOB plays an active role in the community, focusing on art, children and education. It has, over more than three decades, held the longest-running art competition in Singapore, the UOB Painting of the Year, which has since been extended across Southeast Asia. In recognition of its contributions to the arts, UOB was conferred the Singapore National Arts Council's Distinguished Patron of the Arts Award for the tenth consecutive year in 2014. UOB also encourages its employees across the region to be involved in its regular volunteer activities. This includes the annual UOB Heartbeat Run which is held in China, Indonesia, Malaysia, Singapore and Thailand.

About Temasek

Incorporated in 1974, Temasek is an investment company based in Singapore, with a S\$266 billion portfolio as at 31 March 2015.

Temasek's portfolio covers a broad spectrum of sectors: financial services; telecommunications, media & technology; transportation & industrials; consumer & real estate; energy & resources; life sciences & agriculture. Its investment themes reflect Temasek's perspectives on long term trends:

- Transforming Economies;
- Growing Middle Income Populations;
- Deepening Comparative Advantages; and
- Emerging Champions

Temasek's compounded annualised Total Shareholder Return since inception in 1974 is 16% in Singapore Dollar terms, or 17% in US Dollar terms.

The company has had a corporate credit rating of AAA/Aaa since its inaugural credit rating in 2004, by rating agencies Standard & Poor's and Moody's respectively.

Temasek has offices in 11 cities around the world, including São Paulo and Mexico City in Latin America; and London and New York, which both opened in 2014. The remaining offices are all in Asia, including China and India.

For more information on Temasek, please visit www.temasek.com.sg.

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