



**CO-INVESTMENT PARTNERS IN
STRATEGIC EMERGING SECTORS
CALL FOR PROPOSAL**

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1. OBJECTIVE FOR CALL FOR PROPOSAL (CFP)

1.1 SPRING SEEDS Capital (SSC), an entity managed in trust by SPRING Singapore, would like to invite interested parties to submit proposals to be appointed as Co-Investment Partners under Startup SG Equity. The appointed partners will identify and co-invest with SSC in innovative Singapore-based startups, predominantly in the following focus sectors; - (i) Health and Biomedical Sciences; (ii) Urban Solutions and Sustainability; and (iii) Advanced Manufacturing and Engineering. Please refer to **Annex A** for details on the sectors of interest.

2. BACKGROUND

2.1 In supporting the Government's strategic intent to catalyse and grow more innovative startups through better leverage of 'smart' intermediaries, SSC is seeking out Co-Investment Partners under the Startup SG Equity programme with experience, networks and expertise in the above mentioned sectors. Similar to previous call for proposals by SSC in 2011, 2013 and 2015, this tranche of funding aims to partner parties who are experienced in accelerating the growth of early-stage startups and are willing and able to take a hands-on approach to helping them grow.

2.2 SPRING SEEDS Capital will commit up to S\$100 million in this tranche to be matched by private capital raised by the Co-Investment Partners, to jointly identify, invest into and grow viable companies with core activities anchored in Singapore.

2.3 Applicants of the CFP (for Co-Investment Partners) may also concurrently apply for SPRING Singapore's **Section 13H Tax Incentive (S13H)** and **Fund Management Incentive (FMI)**.

i. S13H is a tax incentive for approved venture capital and private equity funds which allows an approved fund a zero-rated tax relief for a period of up to 10 years in respect of:

- gains arising from the divestment of approved portfolio holdings;
- dividend income from approved foreign portfolio companies; and
- interest income arising from approved foreign convertible loan stock.

ii. FMI is a tax incentive for fund management companies which allows an approved fund management company a 5% tax concession relief for a period of up to 10 years in respect of:

- management fees derived from an approved venture capital fund; and
- performance bonus received from the said approved venture capital fund.

3. ELIGIBILITY

- 3.1 The CFP is open to all interested local and foreign parties with operations based in Singapore who are able to demonstrate financial commitment, resources, domain expertise and experience to nurture innovative startups with core activities anchored in Singapore.
- 3.2 Applicants¹ can be investors with established track records. Corporates and consortia formed by groups of partners with expertise in the various functions of identifying, financing and growing startups are also welcome.
- 3.3 To be eligible for S13H and FMI, the venture capital/private equity funds and fund management companies should fulfil the following basic conditions:
 - a. The funds should be incorporated and based in Singapore and;
 - b. The fund management companies should be incorporated and based in Singapore. They should also have obtained the necessary approvals and licenses (e.g. Capital Markets Services License, Registered Fund Management Company) from the Monetary Authority of Singapore for their proposed activities.

Award is subject to other conditions which the incentive team will discuss with short listed candidates.

4. EVALUATION CRITERIA

- 4.1 Co-Investment Partners will be selected based on the following general criteria:
 - a. Capability of Team
 - i. Familiarity and knowledge of the local startup ecosystem for the sectors identified
 - ii. Track record in working with startups in the relevant sectors
 - iii. Ability and commitment to adopt a hands-on approach with the startups' operations
 - b. Adequacy of Facilities and Resources
 - i. Access to deal flow predominantly built around proprietary technologies, research or hardware
 - ii. Access to distribution channels and/or markets
 - iii. Access to expert advisors - business and technical development, quality system compliance
 - iv. Access to other functions – prototyping and pilot manufacturing facilities, legal, and accounting

¹ Co-Investment Partners that are current supported by SSC need to demonstrate the ability to deliver beyond existing targets committed to SSC.

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c. Decision Making and Fund Management Process

- i. Due diligence process
- ii. Investment approval process

4.2 Apart from the general criteria above, applicants need to demonstrate the following:

- Track record of nurturing and investing in technology startups from early stage through first-round and follow-on financing
- Access to investment capital and follow-on investors

Please refer to Annex B for details on criteria and conditions.

5. ASSESSMENT OF APPLICATIONS AND APPOINTMENT OF PARTNER

5.1 SSC will screen all applications and may request additional information from applicants in order to assist assessing the merits of an eligible application. SSC may also conduct interviews to gain better understanding of the applicants' capabilities. Separately, a SPRING Singapore representative will be in touch if the applicant is short listed for any of the mentioned tax incentives. Each applicant will be assessed on its own merits.

5.2 Applications will be assessed first against the eligibility criteria. Only eligible applications will proceed to the evaluation assessment stage followed by further shortlisting of applicants for presentation to an evaluation panel². SSC, along with the panel's input will make the final decision on the appointment of the Co-Investment Partners.

6. PROPOSAL SUBMISSION AND TIMELINE OF EVENTS

6.1 Submissions should be made between 18 July 2017 to 25 August 2017 using the Proposal Template found in Annex C.

6.2 Applications and any supporting documents can be submitted either as softcopy or hardcopy.

a. Softcopy submission must be submitted via email to cfp_sse@spring.gov.sg by 1700h on Friday, 25 August 2017 (Singapore time). The email should bear the following subject heading, "Call for Proposal - Co-Investment Partners - <insert Co-Investment Partner's name>".

b. Hardcopy applications or any accompanying hardcopy materials must be submitted to the following address by 1700h on Friday, 25 August 2017:

SPRING Singapore (Attn: Evelyn Khoo/Remi Choong)

² The evaluation panel will be made up of representatives from a variety of government agencies as well as private-sector experts from sectors of interest.

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Call for Proposal – Co-Investment Partners

<insert Co-Investment Partner’s name>

1 Fusionopolis Walk

#01-02 South Tower

Solaris, Singapore 138628

- 6.3 The applicant is responsible for ensuring their application is complete and accurate and submitted before closing time. SSC may request for clarification or additional information from the application that does not alter the substance of an application in response to an omission or error. However, SSC is not bound to accept any additional information, or requests to change submissions, from an applicant after the application closing time.

7. BRIEFING AND REGISTRATION DETAILS

- 7.1 Interested parties are invited to attend the CFP Briefings which will be conducted on:

Date	Time	Venue
19 July 2017	3.30 pm to 5:30 pm	Ideation Centre
21 July 2017	9.30 am to 11:30 am	Blk 79 Ayer Rajah Crescent #01-13/14 Launchpad @one-north Singapore 139955

- 7.2 To register for the briefing, please click on the Eventbrite [link](#) and provide the required details by 1700h on 18 July and 1700h on 20 July 2017 respectively.

<https://www.eventbrite.sg/e/public-briefing-call-for-proposal-2017-tickets-35166213090>

8. ENQUIRIES

- 8.1 For further information, please contact us via cfp_sse@spring.gov.sg with the subject ‘CFP 2017’.

SECTORS OF INTERESTS

For Health & Biomedical Sciences (“HBMS”)

This sector involves technologies that monitor, diagnose, treat, and/or improve medical conditions affecting humans. The five therapeutic focus areas include: i) cancers; ii) cardiovascular diseases; iii) diabetes mellitus & other metabolic/endocrine conditions; iv) infectious diseases; and v) neurological & sense disorders. Sub-sectors include those in the areas of medical devices, in-vitro diagnostics, diagnostic imaging, life-science research tools, surgical robotics, endoscopy and digital health technologies.

For Urban Solutions and Sustainability (“USS”)

This sector involves technologies which focus on enhancing our living environment and address our resource constraints in a sustainable manner which reduces emissions and efficiently uses natural resources. This includes areas such as renewable energy, water, environment, urban mobility and liveable spaces. Sub-sectors include renewable energy generation, storage and energy management, smart grids, waste and water monitoring, treatment, recycling and management, urban mobility, land and liveability, as well as agri-technology.

For Advanced Manufacturing & Engineering (“AME”)

This sector involves technologies that support the growth and competitiveness of manufacturing and engineering sector. This includes areas like advanced manufacturing, advanced materials and process engineer and Internet of Things (“IoT”). Sub-sectors include those in additive manufacturing, robotics, biomaterials, agri-technology, nanotechnology, industrial 3D printing materials, lightweight and novel materials (e.g. graphene), intelligent systems or products and technologies that can enable IoT adoption (e.g. low energy consumption sensors)

CRITERIA, TERMS AND CONDITIONS FOR CO-INVESTMENT

Term	Description		
Co-investment amount and ratio per Startup SG Equity parameters ³		General Tech	Deep Tech ⁴
	Investment Cap for each startup	S\$2 million	S\$4 million
	Co-investment ratio for first institutional round	7:3 up to S\$250k, 1:1 thereafter up to S\$2 million	7:3 up to S\$500k, 1:1 thereafter up to S\$4 million
Size of this call	<ul style="list-style-type: none"> Commitment of up to S\$100 million 		
Qualifying Set-up	<ul style="list-style-type: none"> Management team to preferably consist of at least two senior members based in Singapore with track record and knowledge of technology commercialisation and early stage investment 		
Qualifying Investees ⁵	<ul style="list-style-type: none"> Be a Singapore-incorporated company with core activities (R&D, manufacturing etc) carried out locally Be incorporated as a Private Limited company for less than five years Have paid-up capital of at least \$50,000 Be able to prove substantial innovative and intellectual content for its products and/or services and applications Have high-growth potential with clear scalability for the international market Business must not be involved in the following business activities: gambling, tobacco-related products, or any other activities which are in violation of law, or against public interest Company cannot be a subsidiary or joint-venture 		
Co-investment period with SSC	<ul style="list-style-type: none"> A total of 8 years from appointment First 4 years to co-invest into new companies; subsequent 4 years only for follow-on investments 		
Profit sharing incentive	<ul style="list-style-type: none"> Where the Co-Investment Partner has led SSC to a successful exit in an investee company, SSC will share 70% of SSC's profits⁶ upon exit, i.e. 70% profit-share. 		

³ Please refer to <http://www.startupsg.net/startupsg-equity> for more details.

⁴ General traits exhibited by a deep technology startup include, but are not limited to: (1) Product is built around unique, differentiated, often protected or hard to reproduce technological or scientific advances; (2) High barrier to entry and high cost of bringing ideas or products to market; and (3) Long commercialisation period (typically more than 3 years).

⁵ Please refer to <http://www.startupsg.net/startupsg-equity> for the most up to date criteria.

⁶ Profits calculated by taking SSC's proceeds of sale from the investee company against the cost of SSC's investment in the investee company.

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Deliverables	<ul style="list-style-type: none">• Each applicant is to propose overall deliverables according to the following indicators:<ul style="list-style-type: none">○ Amount of funds requested (up to \$20 mil)○ Cumulative number of startups to be invested yearly, including at least two startups by end of the first year of operation
Other important points to note	<ul style="list-style-type: none">• Co-Investment Partners are required to:<ul style="list-style-type: none">○ Have an investment committee with at least one third party independent panel member○ Provide quarterly reports on co-investees to SSC○ Provide minutes of investment committee meeting and detailed due diligence report to SSC• SSC will reserve the right to:<ul style="list-style-type: none">○ Appoint an observer to the Investment Committee○ Withhold investment if the startup fails to meet the qualifying criteria• Subsequent to investment, investees under Startup SG Equity are required to consult SSC and Co-Investment Partner should they decide to shift key value-add activities outside of Singapore

PROPOSAL TEMPLATE

Interested applicants are invited to submit a proposal to SPRING and SSC with the following details. Proposal (excluding annexes and supporting documents) should not exceed 20 pages.

- a) **Co-Investment Partner Name**
- b) **Contact Details**
- c) **Team Profile:**

The organisational structure and roles should be outlined, and detailed CVs and/or biographies of key team members (including management and any other individuals involved in working with the startups) should be attached to the submission. Details of on startup, funds, investment and mentorship experience/track record should be highlighted.
- d) **Facilities and Resources:**

Access to engineering services for technical development, expert advisors on regulatory compliance, wet & dry lab facilities, business support functions (e.g. legal, accounting).
- e) **Network of Mentors & Partners:**

List and profile of mentors, local and overseas networks available to startups, and formal partnerships with any external organisations (including outsourcing agreements).
- f) **Reference:**

To include individuals from the investment community, or startups previously engaged to further strengthen applicant's submission.
- g) **Fund Sources and Fund Structure:**

Evidence of investment commitment from investors.
- h) **Fund Size and Fund Life (if applicable):**

The targeted fund size in Singapore Dollars.
- i) **Investment / Portfolio Management Strategy:**

Investment Strategy and Scope including Deal flow Sources, Sub-sector focus, Market Opportunity, Market Leads/ Links, Risk Factors, Portfolio Monitoring and Exit Strategies, Target Financial Returns/IRR.
- j) **Proposed decision making and fund management process:**

Investment approval decisions, Due Diligence Framework.
- k) **Investment Terms:**

Proposed investment instruments and investment terms, including standard termsheet (if any).

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l) Proposed Deliverables:

Proposed deliverables as per Annex B.

m) Interest in S13H and FMI

For S13H specifically, MAS license for the fund management company.