



FOR IMMEDIATE RELEASE

## **ADDX fractionalises venture debt fund by Innoven Capital – a joint venture between Temasek subsidiary Seviora and UOB**

*Fund is anchored by a US\$50 million commitment from Seviora and UOB, and it provides investors a combination of fixed income and equity return, with annual cash distributions*

**GLOBAL, 7 DECEMBER 2022** – Global private market exchange ADDX has fractionalised a venture debt fund by Innoven Capital<sup>i</sup>, bringing down the minimum subscription size for individual accredited investors<sup>ii</sup> to US\$20,000, from US\$5 million. Innoven is a joint venture between Seviora Holdings – a wholly owned subsidiary of Temasek Holdings – and UOB.

The Innoven SEA Fund I provides venture debt funding to high-growth startups and technology companies across Southeast Asia. The fund is anchored by a US\$50 million commitment from Seviora and UOB, and it provides investors a combination of fixed income and equity return, with annual cash distributions.

ADDX is using blockchain and smart contract technology to automate manual processes throughout the lifecycle of the investment. This allows ADDX to make the fund available in fractional units at scale and to enable secondary trading by investors on the ADDX exchange.

Venture debt is a form of debt financing for companies that are still dependent on venture capital funding to grow. Loans sizes can go up to 30 percent of an equity round or cash in bank, and loans are made out based on factors such as the strength of the startup’s shareholders, the quality of its management team as well as the firm’s competitive advantage.

For startup founders, venture debt is less dilutive than equity financing, allowing companies to extend their cash runways and secure more time to achieve growth milestones. For investors, venture debt is a fixed income investment with a lower risk-return profile as compared to venture equity capital. Venture debt is, however, accompanied by regular distributions, which is attractive to many investors in the current risk-off environment. In addition, venture debt deals typically come with equity warrants, which give venture debt funds the option to purchase equity at a future date, should the startup continue to grow. These warrants are a source of upside potential, giving venture debt a higher risk-reward profile than pure fixed income investments.

**Paul Ong, Partner of Innoven Capital SEA, said:** “The macroeconomic climate and interest rate hikes that have impacted company valuations have led to cautious deployment of capital from equity investors. Companies have shifted their focus to decreasing their burn rate and building cash reserves in anticipation of a potential near-term period in which equity capital may be more difficult to obtain. In this current environment, the demand for venture debt has increased significantly.”



**Oi-Yee Choo, CEO of ADDX, said:** “Venture debt is poised to grow. In the US, where the ecosystem is more mature, venture debt deals make up around 25 percent of venture capital funding. In Southeast Asia, that figure is less than 5 percent. This strongly suggests there is room for expansion, as venture debt funds raise more capital from investors and deploy that capital in a region where the prospects for tech startups remain bullish in the medium- to long-term, despite the uncertainty we’ve seen in the capital markets this year. More broadly, private debt as an asset class is on the rise, with assets under management (AUM) forecast to increase from US\$1.2 trillion in 2021 to US\$2.7 trillion in 2026.<sup>iii</sup> As blockchain technology lowers the barriers to entry for individual investors – by as much as 250 times, as in this case – we take the view that a significant share of the projected growth in private debt will come in the form of new, mass affluent investors getting access for the very first time.”

**She added:** “Innoven is a pioneer of Southeast Asia’s venture debt scene. Backed by Temasek subsidiary Seviaora and UOB, Innoven’s excellent parentage ensures good deal flow. For example, the fund manager is evaluating deals with a cumulative value of close to US\$150 million, which gives Innoven the room to be highly selective in deploying capital. This is the secret behind Innoven’s strong track record – it has a loss rate lower than 1 percent, after US\$218 million in loans made out. We are excited to work with Innoven to bring this high-quality fund to a wider spectrum of investors.”

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## FOR MEDIA ENQUIRIES

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## ABOUT INNOVEN CAPITAL

**Innoven Capital** is Asia’s leading venture lending platform providing debt capital to high growth innovative companies that are backed by venture capital. Established in 2016, it is a joint venture between Seviaora Holdings Pte. Ltd (wholly owned subsidiary of Temasek Holdings) and United Overseas Bank Group. Currently the platform is active across India, China and South East Asia. As a group, Innoven Capital has deployed over \$1.2 billion across more than 560 debt transactions to over 300 portfolio companies in Asia.

Innoven Capital SEA sits under the umbrella of Innoven Capital Group, and is focused on providing Venture Debt to companies in South East Asia. Since it started operations in 2016, Innoven Capital SEA has deployed over \$218 million to more than 50 companies across the region. For more information on Innoven, please proceed [here](#).

## ABOUT ADDX

ADDX is a global private market exchange headquartered in Singapore. Using blockchain and smart contract technology, ADDX reduces manual interventions in the issuance, custody and distribution of private market products. The resulting efficiency from the use of digital securities allows the platform to fractionalise investments in a scalable and commercially viable manner, reducing minimum investment sizes and thereby widening investor access to the private markets. To date, ADDX has listed more than 50 deals on its platform involving blue-chip names such as Hamilton Lane, Partners Group, Investcorp, Singtel, UOB, CGS-CIMB, as well as Temasek-owned entities Mapletree, Azalea, SeaTown and Fullerton Fund Management. Asset classes available on ADDX include private equity, hedge funds, venture capital, private credit, real estate, debt and structured products.

The full-service capital market platform has raised a total of US\$140 million in funding since its inception in 2017, including US\$50 million in its Series A round in January 2021 and US\$58 million in the first tranche of its Pre-Series B round in May 2022. Its shareholders<sup>iv</sup> include Singapore Exchange (SGX), the Stock Exchange of Thailand (SET), Temasek subsidiary Heliconia Capital, the Development Bank of Japan (DBJ), UOB, Hamilton Lane, Tokai Tokyo Financial Holdings and Hanwha Asset Management.

ADDX currently serves individual accredited investors from 39 countries spanning Asia Pacific, Europe and the Americas (except the US). ADDX also serves wealth managers and corporate investors through its institutional service, ADDX Advantage. For more information, visit [ADDX.co](https://addx.co) or [www.linkedin.com/company/addxco](https://www.linkedin.com/company/addxco).

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<sup>i</sup> The investment offering was completed via a special purpose vehicle, Prometheus-13 Pte. Ltd.

<sup>ii</sup> The Singapore regulatory regime that ADDX operates under defines an accredited individual investor as an individual whose net personal assets exceed in value S\$2 million (or its equivalent in another currency), or whose financial assets (net of any related liabilities) exceed in value S\$1 million (or its equivalent in another currency), or whose income in the preceding 12 months is at least S\$300,000 (or its equivalent in another currency).

<sup>iii</sup> See <https://www.preqin.com/insights/global-reports/2022-preqin-global-private-debt-report>

<sup>iv</sup> Shareholders of ICHX Tech Pte Ltd, the parent company of ADDX.