

Lightstone Ventures closes \$50m Singapore-focussed fund. Temasek, EDBI among investors



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US-based lifesciences fund Lightstone Ventures (LSV), has closed a \$50-million Singapore-focussed fund with investments from the corporate investment arm of the Singapore Economic Development Board – EDBI, and the state investment fund Temasek Holdings.

The new vehicle – Lightstone Singapore, L.P., – will invest in Singapore-based life sciences technologies and companies, the venture firm said.

Lightstone Singapore is a unit of US-based Lightstone Ventures_(LSV).

The local unit will operate as a Singapore-based fund management company consisting of a dedicated team led by former Lightstone venture partner Kenneth D. Noonan, and joined by investment associate Wen Qi Ho, who will be tasked with leading LSV’s Singapore-based efforts.

The launch of the new fund will see Lightstone Ventures expand its global footprint, as it already maintains offices in Boston, Menlo Park, Dublin, and now Singapore. The firm, which was incepted in 2012, was established by general partners of the life science teams at Advanced Technology Ventures (ATV) and Morgenthaler Ventures to invest in early-stage breakthrough medical device and biopharma companies.

To date, it has seen two exits from its portfolio via initial public offerings (IPOs), according to Crunchbase – Catabasis Pharmaceuticals and Flex Pharma – as well as raising \$172 million in capital for its funds. This was its first fund, which it closed at \$172 million.

LSPL chief executive Dr. Noonan said, “To be successful, the fund will need to translate ground-breaking technologies currently resident in the prestigious research institutions across Singapore into commercially viable enterprises. The fund is not only about investing capital, it is about building companies.”

Dilhan Pillay Sandrasegara, the head of the Enterprise Development Group at Temasek Holdings, said: “We believe our partnership with Lightstone Ventures will help support the development of the life sciences ecosystem and strengthen Singapore’s status as a regional life sciences hub.”

LSV general partner and team leader Michael Carusi said, “The Singapore Government has invested a tremendous amount of resources into the local life sciences ecosystem over the past

decade. The investment from Temasek and EDBI into the fund is clear affirmation of the opportunity to create and fund stand-alone companies in this space.”

Carusi added, “We believe LSV’s contribution in the form of new funding and its early stage investment experience will further develop the vibrant life sciences industry in Singapore.”

Chu Swee Yeok, EDB’s president and CEO, remarked: “EDBI looks forward to the partnership with Lightstone Ventures to continue growing the Biomedical Sciences Industry. As an active investor in this sector since 2001, Lightstone’s focus on technology commercialisation will complement our investment strategy, and will help strengthen the local Biomedical Sciences ecosystem.”

Although company creation is expected to be a core element of the fund, the team will consider additional opportunities as well. These could include funding existing later-stage Singapore-based venture or projects targeting the Asia Pacific markets.

Carusi concluded, “The life sciences industry is now truly global in nature. It is no longer sufficient to be solely focused on a single geographic market. Lightstone’s expansion into Asia complements our efforts in both the U.S. and Europe, where the firm has established a legacy of creating and building successful enterprises including Ardian, Twelve, Zeltiq, and FIRE1.”

Global biotech space

As a general rule, biotechnology and pharmaceuticals differ in their investment philosophies; biotechnology is a risk-taking enterprise, while the pharmaceutical industry is about managing and diversifying risks.

However, pharmaceutical majors are making significant investments into the space, with some highlights being experimental cancer drugs and orphan diseases – diseases affecting a relatively small portion of the population, usually defined as less than 200,000 people – according to venture capital database *CB Insights*. There is also a growing interest in biotech investments globally, and a surge in the US through 2014 and 2015.

In relation to digital healthcare, biotechnology deals were lower in volume but larger in terms of the ticket size of investments. According to data from *CB Insights*, biotechnology investments reached \$6.006 billion for 2015, compared to \$4.192 billion in 2014 – an increase of 143.27 per cent.

Singapore biotech scene

According to the EDB’s website, the benefits of Singapore as a biotechnology cluster leverage on its combination of logistics, international connectivity, robust intellectual property (IP) protections and claim to being Asia’s most rapidly growing biotechnology cluster. This is integrated with strategic partnership opportunities presented by a collection of research institutes, corporate labs and public hospitals.

In essence, it provides a test bed for developing new medicines and future therapies that can be customised for regional and global markets.

The EDB claims to have invested more than S\$3.7 billion over period of 2011-2015 to enhance its existing biomedical R&D infrastructure and mechanisms for commercialisation, as well as sharing that in the 2000-2010 period, Singapore's biomedical manufacturing output quadrupled from S\$6 billion to S\$23.3 billion, with the sector accounting for an estimated 5 per cent of the national GDP.

Singapore's space has seen some positive developments in recent time, such as an open access journal being established, An example of a local venture, medical analytics firm InvitroCue, founded by Steven Fang and Hanry Yu. Fang observed that a major challenge for many Singaporean ventures – particularly biotech ventures – was raising funds mid-stage (i.e. Series B and C investments).

In an interaction with the *The Business Times*, Fang explained: “Seed funding to series A funding is not a problem. This is a fantastic place to be in for that... But companies need to grow and this means they need series B, C, D funding, which require a lot more hard work and for that very reason, they need to think global in terms of being able to access these types of funding.”