

Bank, angel, VC firm partner on China-focused incubator

Premium content from Silicon Valley / San Jose Business Journal by Eli Segall, Reporter

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Angel investor [Eugene Zhang](#) has launched a new incubator that could help Silicon Valley entrepreneurs tap into China's economy — but their startups won't be the only ones benefiting from the newfound access.

The incubator could also give Zhang and a nearby venture capital firm a pipeline of potential investments, and send co-owner [Silicon Valley Bank](#) prospective clients.

Zhang, co-founder of TEEC Angel Fund, a China-focused investor group in Santa Clara, is president of the new incubator, called InnoSpring Inc. Sponsors include SVB, whose corporate headquarters are walking distance from the incubator, and [Northern Light Venture Capital](#), a Hong Kong-based investment firm with an office in Menlo Park.

A few entrepreneurs have already moved in to the site at 2901 Tasman Drive in Santa Clara. So far, at least a dozen startups have signed up.

Zhang said the incubator can accommodate 20 to 40 early stage companies. He expects entrepreneurs from clean tech, health care and Internet industries to sign up. He said the incubator will also serve as a "landing pad" for Chinese executives who want to expand to the U.S.

At InnoSpring, startups can receive business plan and funding advice, bookkeeping and paralegal services, and access to investors as well as Chinese agencies to help them expand there.

The incubator is also offering a six-month "Seed Program," in which entrepreneurs will get at least \$25,000 to complete their product, hire personnel and get customer feedback. Funding will be led by Menlo Park investment firm [Kleiner Perkins Caufield & Byers](#), Northern Light and GSR Ventures, a China-focused investor group with an office in Palo Alto. Funding will also be provided by China Broadband Capital and Zhang's TEEC Angel Fund.

The cost to join InnoSpring varies, Zhang said. His investor group might put money into a company, which could then get office space for free. Others would have to pay for space, he said.

Zhang's angel fund has 22 portfolio companies, most of which are based in Silicon Valley, and the group invests between \$100,000 and \$250,000 per company, he said. Altogether, the investors have put about \$4 million into startups.

"(The incubator) is one way to discover and reach the very early stage companies," Zhang said.

Same goes for Silicon Valley Bank, which has \$18.8 billion of assets and is known for serving startups. The bank is expanding in China, and co-ownership of InnoSpring could help efforts there.

SVB, with subsidiaries in Shanghai and Beijing, has been operating in China since at least 2005. Currently, the bank is seeking to form a joint venture with [Shanghai Pudong Development Bank](#) Co. Ltd., a powerful commercial lender. Moreover, [Ken Wilcox](#) left the CEO position at SVB's parent company a year ago to become chairman of the bank and work full time in China.

The bank has been involved with other incubators. At Plug and Play Tech Center in Sunnyvale, for instance, its bankers hold office hours and are available for consultations.

The bank also has an entrepreneurial services group in China that helps startups, said Andy Tsao, a managing director with SVB who leads its Global Gateway group. But he said SVB views InnoSpring as a tool “to build entrepreneurs” who want to expand to China.

“We see it as a great new capability,” Tsao said.

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Apple-occupied Cupertino offices sell for \$20.4M, \$389/square foot

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A private investor purchased this Cupertino office complex, which is mainly occupied by Apple, for \$20.4 million.

A local undisclosed private investor has purchased a fully-leased Cupertino office complex for \$20.4 million, or \$389 per square foot.

Metzler Real Estate sold the 52,438-square-foot property located at 10381-10443 Bandle Drive last week, according to Don Wise, president and CEO of the Seattle-based investment firm.

Apple occupies 75 percent of the two single-story office buildings, which are adjacent to its global headquarters campus. The company had been a tenant — occupying 60 percent of the buildings — when Metzler first purchased the property in 2007. Metzler renewed Apple's lease for another 10 years in late 2011.

Ducati North America, an Italian manufacturer of elite racing motorcycles, occupies the remainder of the property.

Metzler had acquired the buildings on behalf of its sponsored fund, Metzler North America Partners, which represents German and U.S. high net-worth investors.

Joe Moriarty and Bob Steinbock with CBRE were the listing brokers and Michael Kendall, also with CBRE, represented the buyer.

"This was a very good investment for us," Wise said of the Cupertino sale. "It represented a very good outcome for us as a seller and a good opportunity for the buyer."

Interest in the buildings was strong, he added, with more individual shoppers than institutional.

Looking ahead, Metzler is actively looking for more investments in Silicon Valley and San Francisco.

"We like the Bay Area," Wise said. "It's one of the principle markets in the U.S. where our investors want to be invested."

The price paid for the Cupertino property was staggering, even by Silicon Valley standards. For example, last summer Emeryville-based Harvest Properties paid about \$44.5 million, or \$148 per square foot, for Central Park Plaza, a 300,954-square-foot office complex in North San Jose.

American Realty Advisors last September acquired Cupertino City Center I & II, a 314,000-square-foot office complex that was leased out to Apple Inc. in a deal reported to be worth at least \$120 million, or \$382 per square foot.