

Media Release

25 August 2009

Angel investment at record levels

Angel investors have invested a record \$30 million into young New Zealand companies over the first six months of 2009, taking the amount invested over the past three-and-a-half years to over \$100 million, according to the *Young Company Finance Private Finance Index*.

The \$30 million invested in the first half of this year is more than was invested throughout all of 2008. It is 50 percent higher than was invested in the first half of 2008, and over four times as much for the same period in 2007.

New Zealand Venture Investment Fund chief executive Franceska Banga said the results are encouraging, but it should also be noted that a lot of the activity is being driven by follow-on investments into previously funded companies.

“We are seeing growth in the number of new investments, but the climate remains challenging out there for new companies. The growth we are seeing in New Zealand’s angel sector is making more capital available for investment. But angel investors remain cautious due to the economic climate, and many are focusing on managing and supporting their existing portfolio companies.

“The growth in angel investment also presents a challenge. It reinforces the need for the next generation of venture capital funds and other funding sources to emerge, so that the expansionary capital is available for these young companies as they develop and grow beyond the start-up stage.”

The increase in angel investment activity was especially marked in the second quarter of 2009, with \$21 million invested, compared with \$13 million in second quarter of 2008 and \$2 million in same period in 2007.

The amount of capital invested into new (as opposed to follow-on) deals also increased significantly, up from \$6 million in all of 2008 to \$15 million in the first six months of this year. Deal volume also increased. In the first half of 2009, 33 deals were completed, compared with 29 deals in all of 2008.

Cumulatively, \$103 million has now been invested since the data began being collected in 2006. By region, 58 percent has been invested in Auckland, 13 percent in Dunedin, 12 percent in Christchurch, 8 percent in Wellington and 5 percent in Palmerston North.

Software and services have received 29 percent of the amount invested, followed by pharmaceuticals (20%), technology hardware and equipment (11%), and food and beverage (10%).

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