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## **Angels invest a record \$53 million in 2010**

2010 has seen record high levels of angel investment activity with more than \$53 million invested by angel investors into young companies, according to the latest Young Company Finance Index.

### **YOUNG COMPANY FINANCE INDEX Capital Invested 2006-2010**

Year	Amount invested	Number of deals
2006	\$22,360,762	30
2007	\$29,300,848	53
2008	\$32,656,902	41
2009	\$51,105,088	76
2010	\$53,791,868	103
<b>Total</b>	<b>\$189,215,468</b>	<b>303</b>

In the year to 31 December 2010, \$53.8m was invested, 5.3 percent more than 2009's previous record high for a calendar year of \$51.1m. Cumulatively, \$189m has now been invested into young companies by angels since Young Company Finance Index began collating data in 2006.

NZVIF chief executive Franceska Banga says that the record level of angel investment activity makes it crucial that new venture capital funds are established, if the companies receiving angel investment are to continue their growth and development in New Zealand.

"It is great to see such a vibrant level of angel investor support for promising New Zealand technology companies, but there needs to be much broader capital markets investment if New Zealand wants to support the growth and development of its own companies.

"Currently, we are seeing angel investors continuing to invest into companies with follow-on investments. As the companies grow, they need venture capital funds to come in and provide greater levels of capital, and also the expertise and contacts to help technology companies take their products and services into international markets.

"New venture capital funds are required with support from institutional investors, if New Zealand is going to be able to consistently deploy the capital which will keep promising technology companies in New Zealand while they grow and mature."

Of the \$53.8 million invested last year, \$23.9 million was into first round investments and \$29.9 million comprised follow-on investments into existing portfolio companies. In terms of the stage of investment, \$5.3 million was seed investment, \$39.2 million was at the start-up stage, \$6.6 million at the early expansion level, and \$2.8 million at the expansion stage.

The 2010 year also saw continuing co-operation between angel groups with high levels of syndicated deals involving different groups of investors. In 2010, 47 percent of deals were syndicated and 53 percent were not. In 2006, just 27 percent of deals were syndicated and 73 percent were not. Thirty-eight percent of 2010 investments were structured as convertible loans, 43 percent as ordinary shares, and 19 percent as preference shares.

Deal flow for the year was high, with 103 deals completed in 2010 compared with 76 the previous year. The last half was particularly active with 25 deals in the third quarter and 41 deals in the fourth. Average investment amount declined - \$522,000 in 2010 compared with \$672,000 in 2009.

Since 2006, by region, 51 percent of angel investment has been in Auckland-based companies, 17 percent in Wellington, 11 percent in Christchurch, 7 percent in Dunedin and 4 percent in Palmerston North. Software and services have received 26 percent of the amount invested, followed by pharmaceuticals (23%), technology, hardware and equipment (16%), and food and beverage (10%).

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