



Media Release

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Deals up, dollars down as angels broaden portfolios

The number of investment deals by angel investors rose in the first half of 2011 but the amount invested subsided from the previous year's record level, according to the Young Company Finance Index.

Angels invested \$17.8 million across 53 deals involving young New Zealand companies in the first half of 2011. In the first six months of 2010, \$29.6 million was invested across 37 deals.

YOUNG COMPANY FINANCE INDEX			YOUNG COMPANY FINANCE INDEX		
Capital Invested 1 st half year		Number of deals	Capital Invested Year to 30 June		Number of deals
Year	Amount invested		Year	Amount invested	
1H2006	\$7,981,667	12	2006/07	\$25,272,986	36
1H2007	\$10,893,890	20	2007/08	\$34,092,292	50
1H2008	\$15,685,334	17	2008/09	\$44,759,915	65
1H2009	\$27,788,347	41	2009/10	\$52,769,024	72
1H2010	\$29,652,283	37	2010/11	\$41,478,911	118
1H2011	\$17,759,326	53			

In the 12 months to June 2011, \$41.5 million was invested into young companies, down from the previous year's record \$52 million but similar to the 2009 result. Cumulatively, \$206 million has now been invested into young companies by angels since the Young Company Finance Index began in 2006.

NZVIF chief executive Franceska Banga said that the average size of angel investments is dropping but at the same time the overall number of deals being done is increasing with the last five quarters showing rises in the number of angel deals being done in the \$0–\$250,000 range.

"Angel investors are increasingly looking to invest smaller initial amounts into these companies than they have in the past. They will then look to continue to support companies with further investment down the track, so long as those companies make good enough progress utilising that initial investment.

"This reflects the ongoing broadening of the angel investment market in New Zealand. Angels are adopting a portfolio approach to their investments whereby they invest smaller amounts across a number of companies, rather than larger amounts into just one or two companies."

Of the \$17.8 million invested in the first half of 2011, \$8.1 million was into first round investments and \$9.7 million comprised follow-on investments. In terms of the stage of investment, \$4.5 million was seed investment, \$12.8 million was at the start-up stage, and \$0.5 million at the early expansion level.

The first half of 2011 saw 47 percent of deals syndicated between different angel groups with 53

percent of deals not syndicated, in line with previous periods.

In terms of the type of investments angels are making in 2011, 24 percent of investments were convertible loans, 38 percent were ordinary shares, and 28 percent were preference shares.

Since 2006, by region, 50 percent has been invested in Auckland, 16 percent in Wellington, 12 percent in Christchurch, 6 percent in Dunedin, 5 percent in Hamilton, and 4 percent in Palmerston North. Software&services received 26 percent of the amount invested, followed by pharmaceuticals/life sciences technology (23%), hardware and equipment (15%), and food and beverage (10%).

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