



Media Release

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Funding boost for VC backed growth companies

The New Zealand Venture Investment Fund is committing up to \$20 million to an Annex Fund to support existing venture capital backed portfolio companies which are seeking growth capital.

NZVIF chief executive Franceska Banga said the Annex Fund is designed to assist companies which have previously received investment from NZVIF backed venture capital funds and are looking for follow-on funding for their next stage of growth, such as establishing an export base offshore and developing international markets.

“A number of highly promising venture capital fund portfolio companies are at the stage of needing more capital to fund further growth. At the same time, four of the six venture capital funds which NZVIF has backed are close to fully invested. The Annex Fund will provide further capital which the fund managers can draw on to fund the next stage of growth for their companies.

“In the current investment climate, it is difficult for any company to raise capital. It is especially difficult for young growth companies. In the past they might have attracted funding from US investors at this stage of their growth, but in the current market that source of capital has dried up.”

No 8 Ventures' Managing Director Jenny Morel welcomed the Annex Fund. “This is a great initiative from NZVIF in this very difficult funding environment. One of the biggest challenges for aspirational young New Zealand companies is getting sufficient funding for building out international sales and marketing.”

Fund managers will be able to invest on a 1:2 ratio of NZVIF capital to private capital, meaning that this initiative could see as much as \$60 million invested into highly promising New Zealand companies.

“NZVIF remains an arm's length investor, and the decision to invest further capital into a company will be made by the venture capital fund managers, based on a range of criteria including the requirement for private capital,” Franceska Banga said.

“The Annex Fund is our response to a challenging investment climate. We have been talking with our venture capital fund managers about what could be done to provide further investment support – we think this capital boost will assist our fund managers to support well-performing portfolio companies expanding into global markets.”

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