

# PRESS CUTTINGS



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## Venture capital funds dry up

**Maxim Kelly**

COMPANIES are going to find it far more difficult to attract venture capital funding this year because of the continuing global liquidity crisis, with earlier predictions of €1.4bn in fresh investments being scaled back.

Professor Michael Donnelly, chairman of the Irish Venture Capital Association, has rowed back on forecasts that fledgling Irish companies and start-ups would attract around €1.4bn during the first quarter of

2008 from venture capital and private equity sources. Instead €1bn is "now more realistic", according to the chief executive of Grow Corp Group.

The IVCA had previously predicted that venture capital funding made available to Irish firms over the next five to seven years would surpass €3bn.

Donnelly also expects severely restricted credit markets will make any private equity-backed leveraged buy-out activity in Ireland this year "highly unlikely".

"Overall [financial market] difficulties internationally are going to slow things down, but they haven't and they won't grind to a halt," he said.

Donnelly added that the most of the Irish investment capital made available in 2008 was likely to be geared toward 'hard technology' as opposed to software, and knowledge-based businesses with proven competence in life sciences.

Donnelly expects the cooling Irish commercial property market might be a boon for fledgling businesses

seeking capital injections from domestic investors looking for an alternative to bricks and mortar.

"Those people that made a lot of money on the property boom are not fools and many may now be taking their money out of banks and the blue-chips and may be looking at start-ups," he said.

Earlier this year, Irish private equity firm Ion Equity reportedly said the squeeze on bank funding for private equity deals means trade buyers are now in a stronger position.

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