

# VC firms on way to raising record €1.4bn

## VENTURE CAPITAL

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IRISH venture capital (VC) firms are on track to raise up to a record €1.4bn for investment by the end of this year, according to Prof Michael Donnelly, chairman of the Irish Venture Capital Association.

This would mark the end of the industry's biggest fundraising drive in five years.

Speaking at the association's annual dinner last night, Prof

Donnelly said: "Many Irish venture capital firms are nearing completion of funding rounds and we expect that between €1.2bn and €1.4bn will be available by the end of the year."

### Bulk

The bulk of the money will be invested over the next five years in technology and knowledge-based companies with life science firms attracting an increasing amount of VC backing.

The Government has targeted €8bn of investment in

research and development (R&D) in Ireland over the next five years.

"Between €750m and €1bn per annum is being invested in R&D through the universities and the good news is that venture capital funding will be available to help commercialise these developments," said Prof Donnelly.

This latest funding round follows the Government's decision last year to grant €175m for investment in VC firms.

Some €150m of that was allocated by Enterprise Ireland

under its Seed and Venture Capital Scheme 2007-12 in September last year.

The successful applicants have been leading the industry's drive to raise new investment.

"While fundraising started in the first quarter, it is only in the last few months that it has taken off," Prof Donnell said before last night's annual dinner.

Earlier this week, Delta Partners announced the first closing of its latest fund, Delta Equity Fund III, at €100m.

The firm believes it could

ultimately raise up to €150m before the fund is closed out.

Other players, including ACT Venture Capital, TVC Holdings Enterprise Equity Venture Capital and Growcorp, of which Prof Donnelly is chairman, are expected to follow suit over the coming months, he said.

### Invest

The National Pension Reserve Fund's decision during the summer to invest €60m in Irish VC funds this year has been seen as a vote of confidence in the sector and may encourage investment from commercial pension

fund managers.

Prof Donnelly said the Government's R&D initiative is starting to show results.

"The number of US patents being filed by Irish companies since 1998 has increased by 200pc, which is a clear indication of the progress being made."

He said this level of investment in R&D and VC is essential if Ireland is to compete with emerging power houses like China as the building sector slows and Irish manufacturing and service jobs continue to shift to lower cost locations.