

Press Release

Thursday, 5 June 2008

New investment to target NZ biotech

Developing new biotechnology businesses in New Zealand is the focus for a new investment partnership involving the New Zealand Venture Investment Fund and Pacific Channel Limited, a private investment company that has demonstrated success in starting and funding biotechnology ventures.

Under the partnership, Pacific Channel - a New Zealand affiliate of United States life sciences venture firm, The Channel Group, LLC – and NZVIF will together invest around \$8 million to \$12 million into new biotech ventures.

NZVIF chief executive Franceska Banga said the partnership would deepen the capital available for new biotechnology ventures in New Zealand and would provide access to North American expertise and capital.

“New Zealand has a long history of excellence in life sciences research. Pacific Channel brings considerable expertise, capital, and knowledge of key markets from its direct involvement in the formation, management and growth of biotechnology companies worldwide.

“We see significant investment opportunities in the life science industries in New Zealand. With this partnership, we hope to see greater investment in biotechnology innovations which have the potential to advance to the commercial stage in global markets.”

Pacific Channel Director Brent Ogilvie, a former New Zealand Trade Commissioner to New York, said that the New Zealand biotechnology sector presents a very attractive investment opportunity.

“There is a lack of seed funding available to life science start-ups and early-stage companies, particularly in the bio-medical field. Coupled with the considerable opportunities in international markets for life science products, we see a unique opportunity for investment.”

Pacific Channel affiliate Dr. Neil Domigan, an experienced biotechnology executive, says “We are active investors. We bring significant experience in terms of investing in and supporting start-up companies. We assist on an as-needed basis in advising or providing new companies with effective management, financial strategies, and governance.”



Pacific Channel's partnership with NZVIF is through NZVIF's Seed Co-Investment Fund which is providing \$40 million of matched seed funding to support the further development of early-stage investment markets alongside selected Seed Co-Investment Partners.

Franceska Banga said the Seed Co-Investment Fund is an important product in NZVIF's investment portfolio.

"The Seed Co-Investment Fund complements our Venture Capital Fund. It is developing networks for early stage investment in New Zealand and developing greater depth in the specialist skills needed to assess and manage early stage investments.

"This is the eighth partnership we have entered into through the Seed Co-Investment Fund. Through these partnerships, we have invested over \$10 million into 17 companies."

NZVIF's Seed Co-Investment Fund aims to help build an early stage investment market worth \$100 million over the next five years.

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Background on the NZVIF Seed Co-Investment Fund

Seed investing is the term given to investing in start-up businesses at a very early stage. Typically, seed investors are high net worth individuals and they often form groups, known as Angel Groups. The NZVIF Seed Co-Investment Fund involves partnerships with seed investors and Angel Groups.

NZVIF's Seed Co-Investment Fund is an equity investment fund aimed at small to medium sized businesses at the seed and start-up stage of development which have strong potential for high growth.

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Background on Pacific Channel

Pacific Channel is a venture development and investment company, specialising in life science-based industries. It was formed to provide a channel to the resources of the USA; the largest market for biotechnology-based products. Pacific Channel uses its expert and knowledgeable management, which has direct experience in the creation, management, and growth of biotechnology companies to form new companies based upon science that it believes will yield commercial opportunities in the global marketplace.

Pacific Channel has placed investment of over \$10 million in the last two years into start-up or early stage medical device, drug development, nutritional ingredients, agbiotech and biofuel ventures. It has also facilitated over \$3 million of non-equity funding into these firms. Pacific Channel has co-founded Androgenix Limited, a biotechnology company that is developing a sperm sex selection device for cattle; Ecodiesel Limited, a biodiesel company focused initially on the New Zealand market; Sleep Limited, which is developing a sleep enhancement tonic; and Ingredient Solutions Limited, which is commercialising a nutritional ingredients processing technology.

Pacific Channel, as part of its founding sponsorship, has also provided Mr Ogilvie as Trustee of the Urban Ecoliving Trust, which inspires and informs young adults on how to live sustainably.