

Review of the risk capital market in Denmark

Anders Hoffmann, Ph.D.
Creative Director

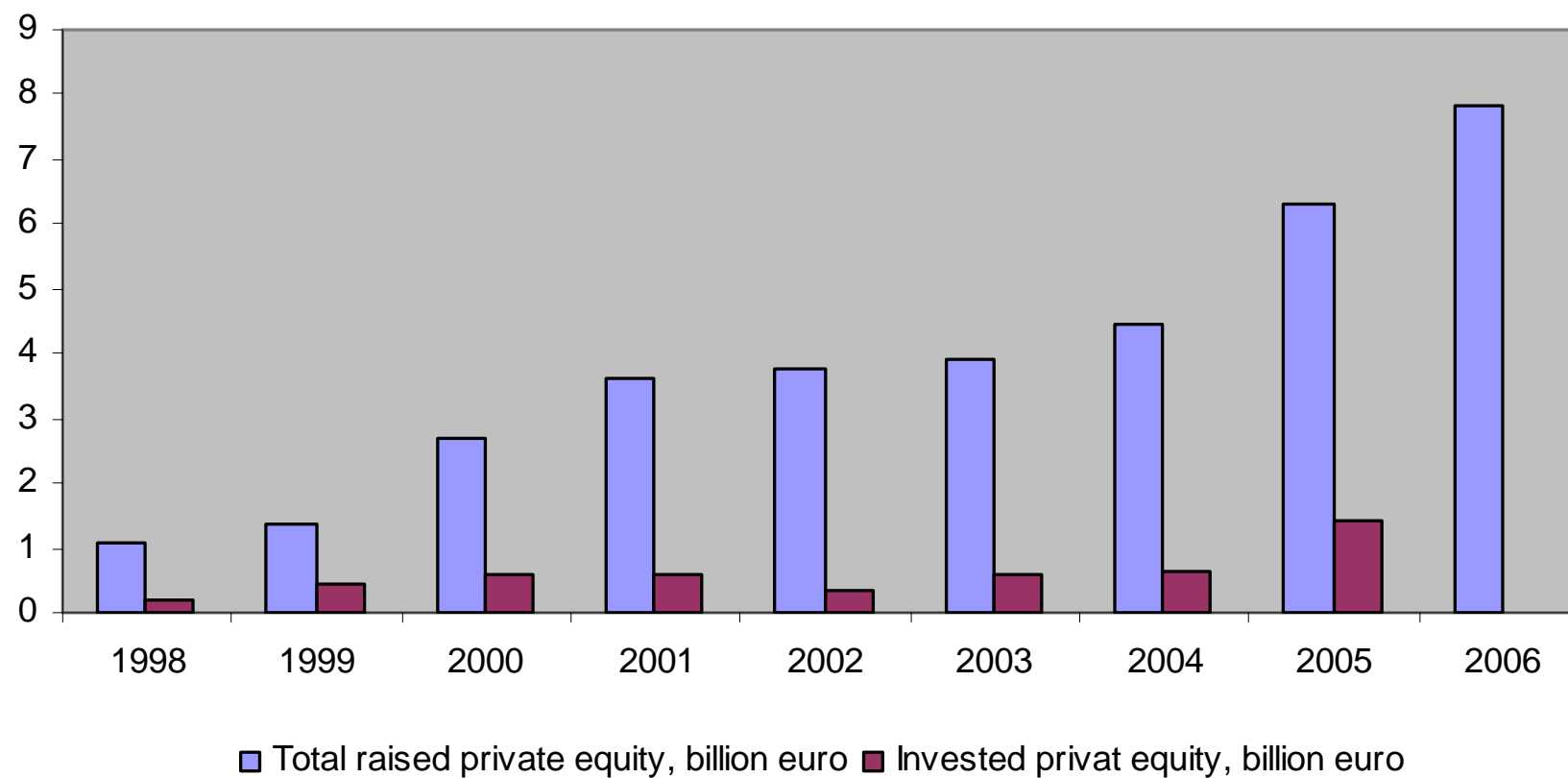
The logo for FORA, consisting of the word "FORA" in a serif font, centered within a dark blue square. The square is divided into four quadrants by a thin white crosshair.

FORA

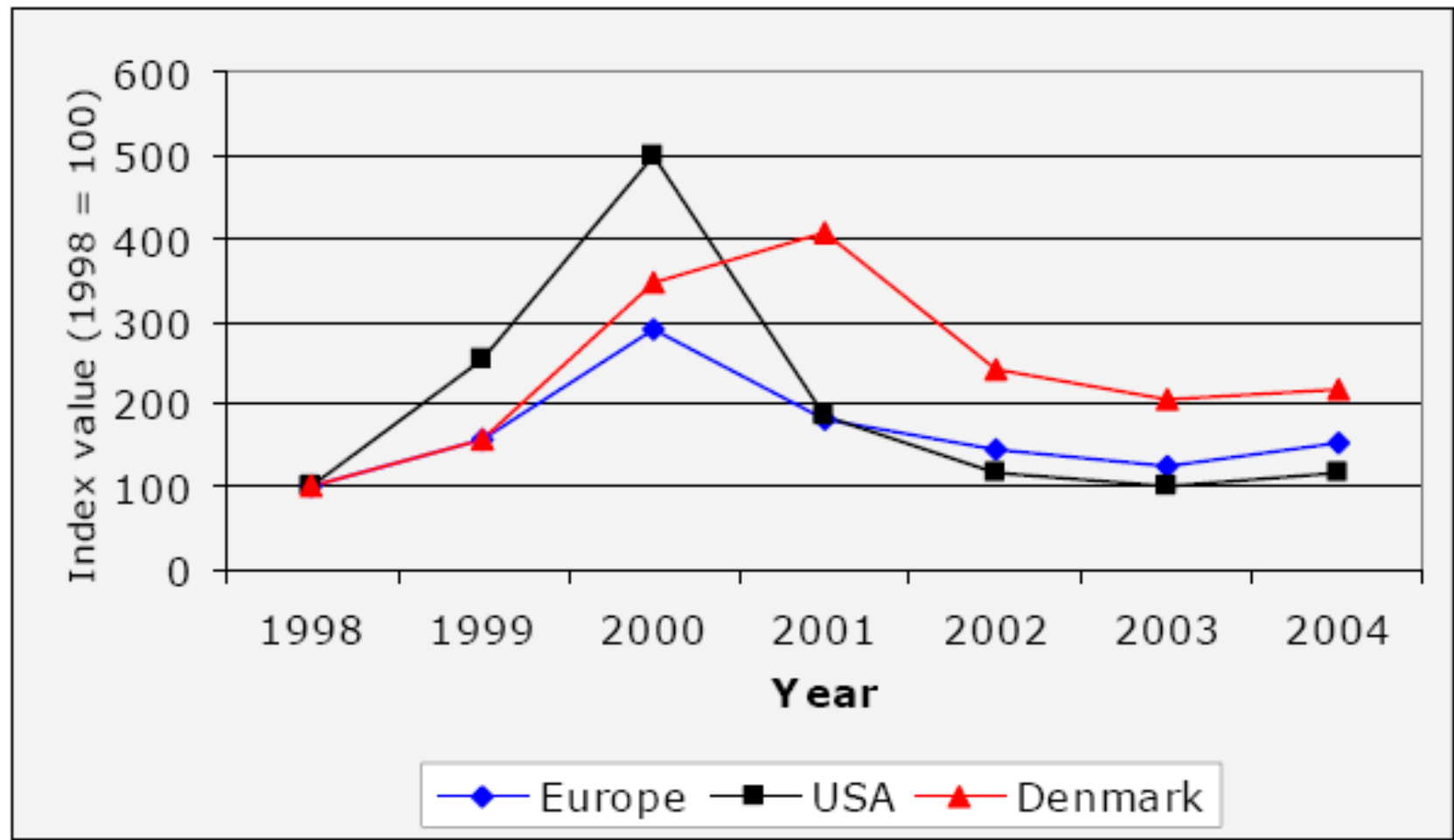
Conclusion

- > The Danish Private Equity Market is Catching Up
- > Driven by a Fast Growing and Promising Risk Capital Market
- > With the Government as the Front Runner

The risk capital market

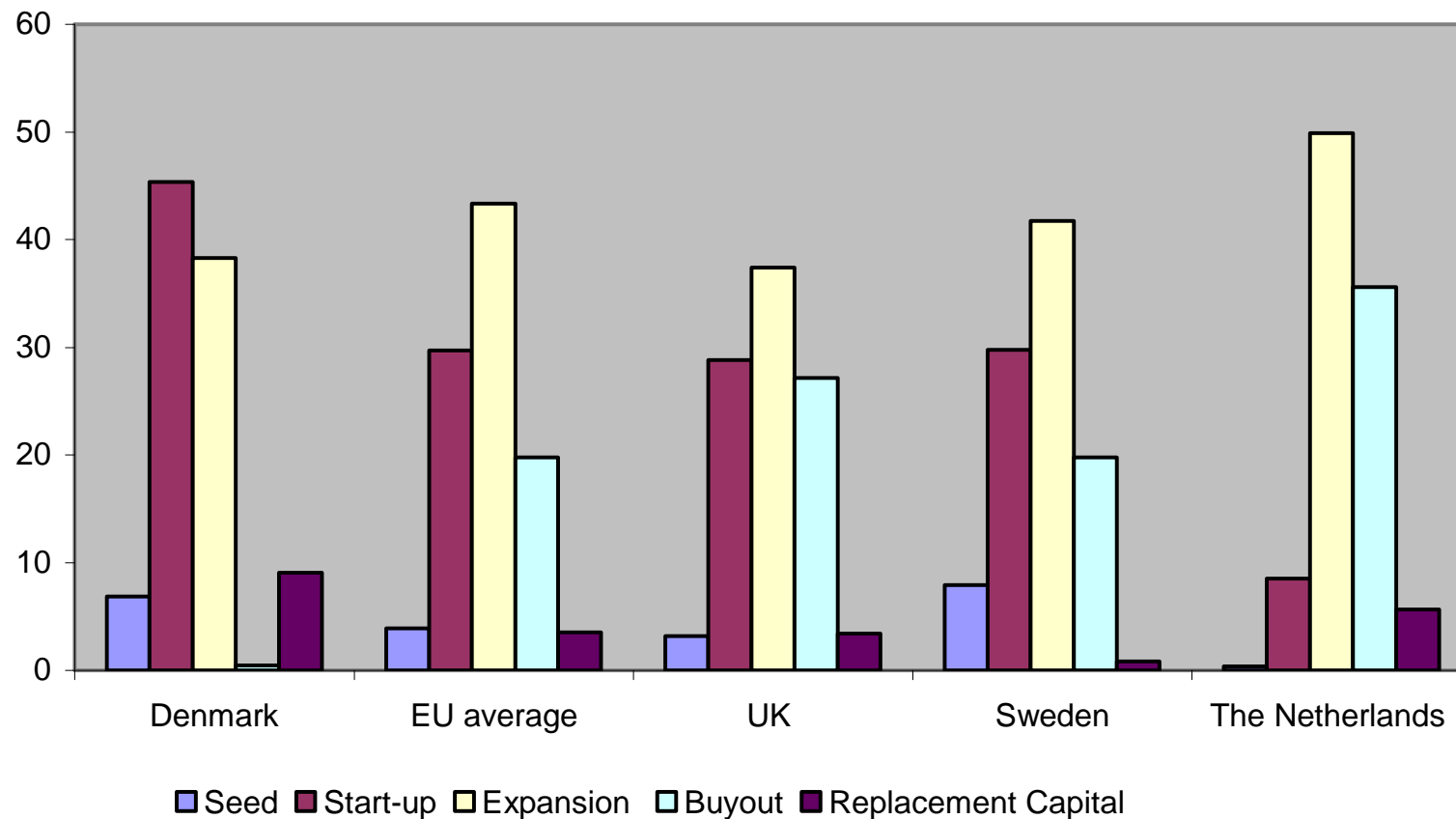


The risk capital market



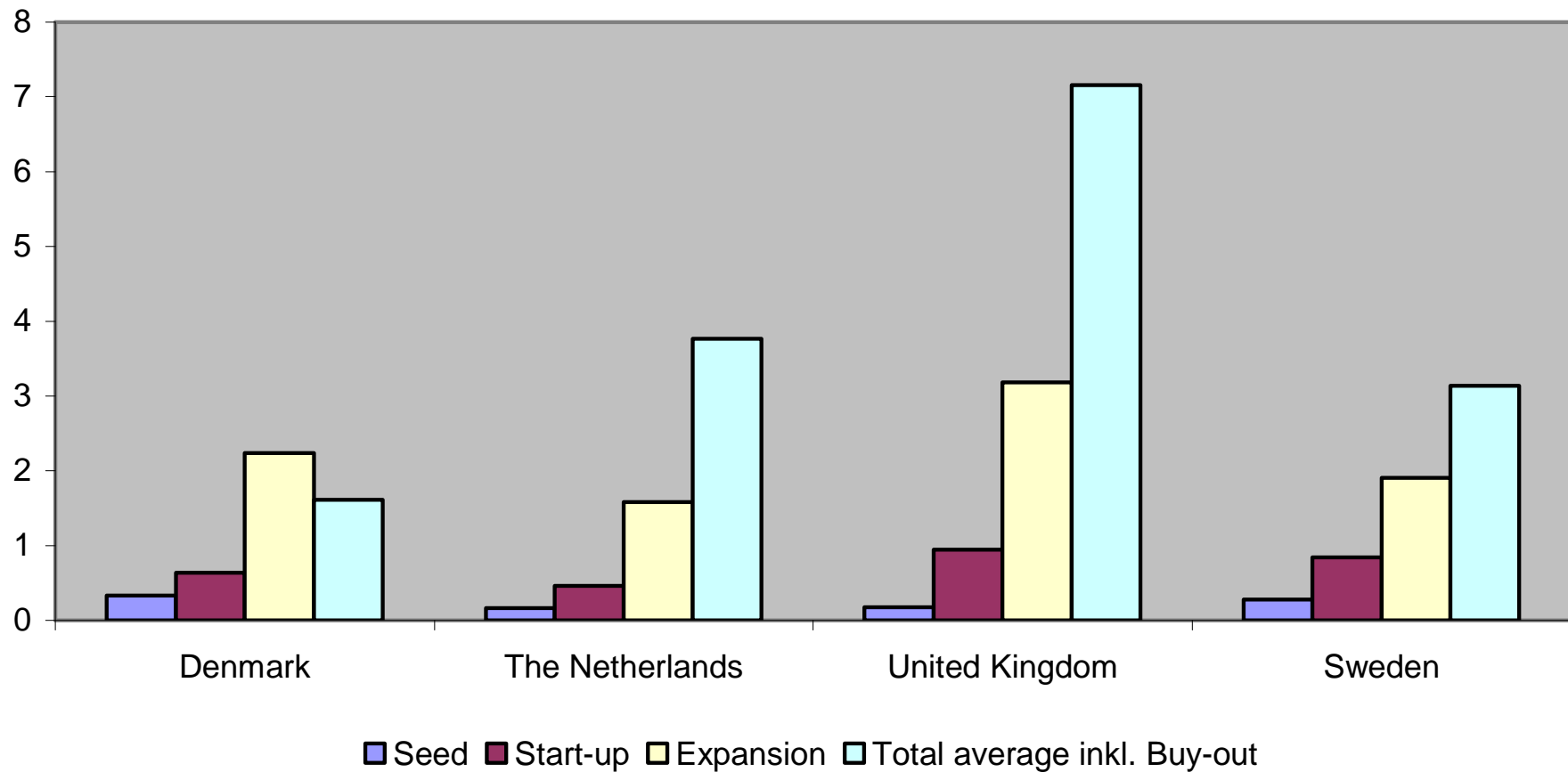
The risk capital market

Figure 1.11: Investment Stages across European Countries, 2004-2005 (% of total number of investment)



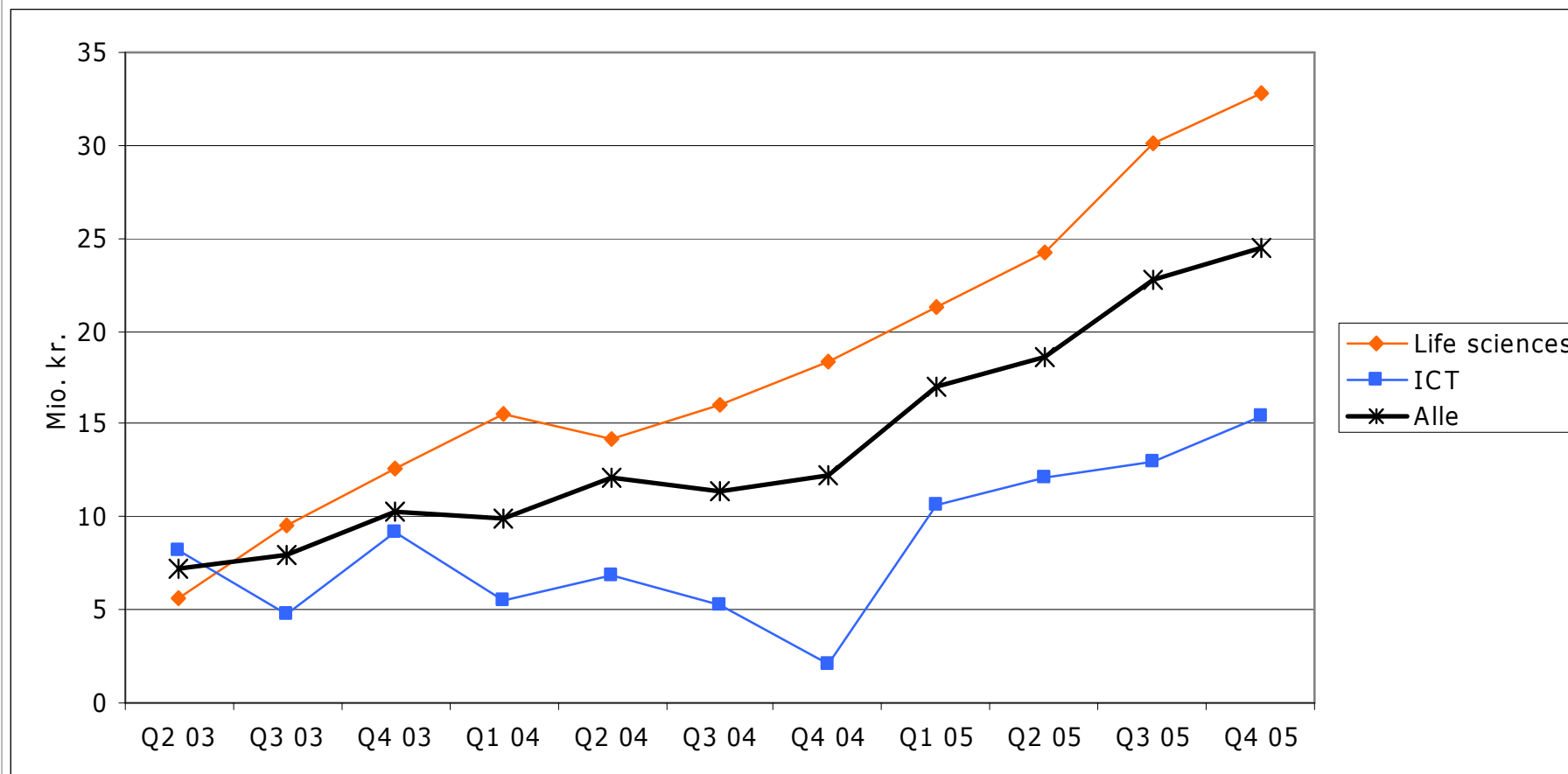
The risk capital market

Figure 1.12: Average Investment Sizes, € million, Average Size 2004-2005



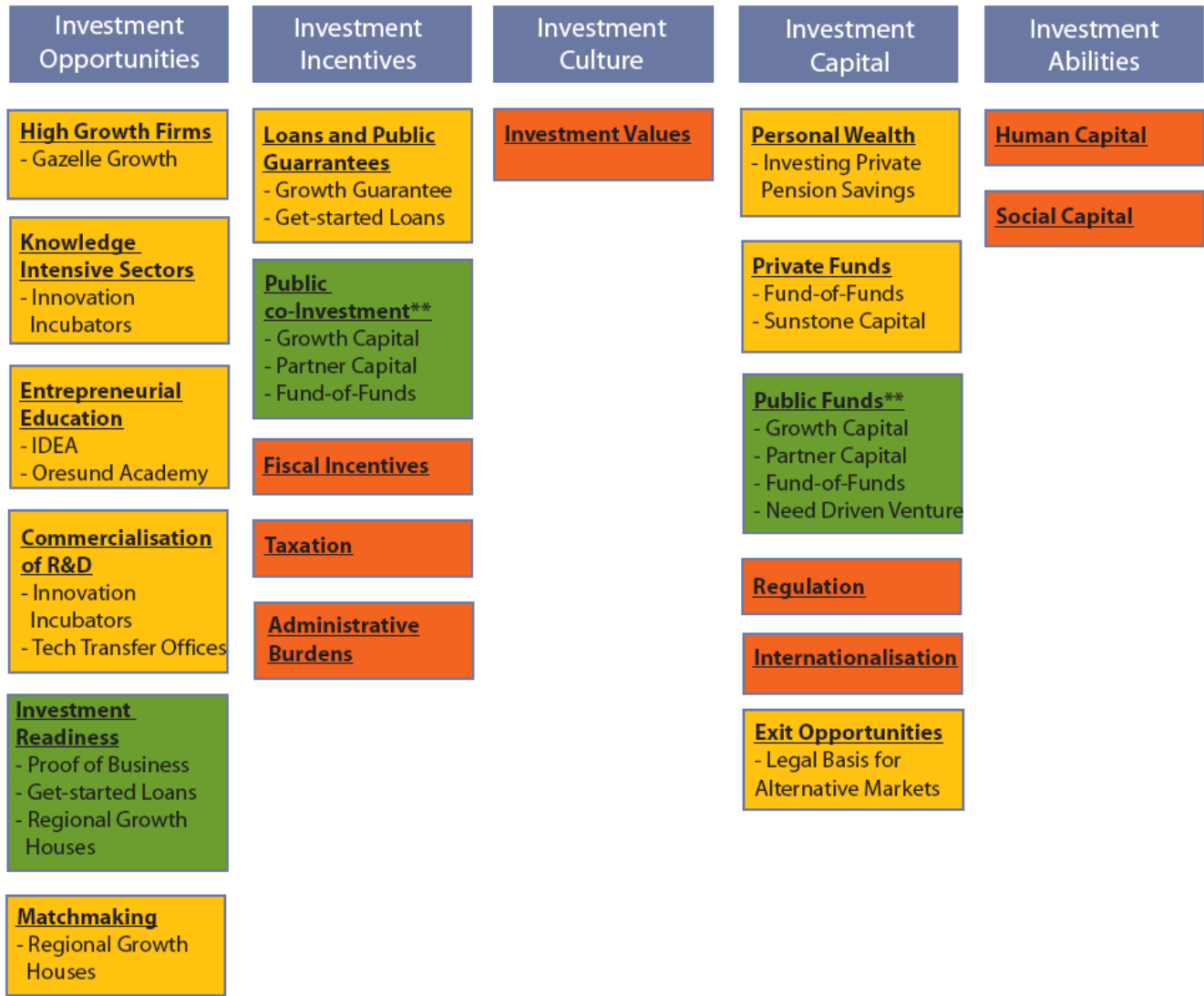
The risk capital market

Figure 1.17: Average investment



INVESTMENT POLICY MODEL

■ 3+ policy instruments
 ■ 1-2 policy instruments
 ■ 0 policy instruments



Supply side policy areas

Demand side policy areas

Policy overview

High Attention: Policy Areas with Minimum 3 Policy Instruments		
<ul style="list-style-type: none"> ▪ Investment Readiness ▪ Public co-investment ▪ Public Funds 	Middle Attention: Policy Areas with 1-2 Policy Instruments	
	<ul style="list-style-type: none"> ▪ High Growth Firms ▪ Knowledge Intensive Sectors ▪ Entrepreneurial Education ▪ Commercialisation of R&D ▪ Matchmaking ▪ Loans and public Guarantees ▪ Personal Wealth ▪ Private Funds ▪ Exit Opportunities 	Low Attention: Policy Areas with 0 Policy Instruments <ul style="list-style-type: none"> ▪ Fiscal Incentives ▪ Administrative Burdens ▪ Investment Values ▪ Regulation ▪ Internationalisation ▪ Human Capital ▪ Social Capital ▪ Taxation

Policy overview

Supply side oriented initiatives	Demand side oriented initiatives
<ol style="list-style-type: none"> 1. Loan Guarantee (2000) * 2. Get-Started-Loans (2005) 3. Growth Capital (2001) 4. Partner Capital (2007) 5. Fund-of-Funds (2001) 6. Sunstone Capital (2007) 7. Personal Pension Investment (2006) 8. Need Driven Ventures (2007) 9. Legal Basis for Alternative Markets (2005) 	<ol style="list-style-type: none"> 1. Gazelle Growth (2006) 2. Public Incubators (1998) 3. International Danish Entrepreneurship Academy (IDEA) (2004) 4. Oresund Entrepreneurship Academy (2006) 5. Tech Transfer Offices (2000) 6. Proof-of-Business (2007) 7. Get-Started Loans (2005) 8. Regional Growth Houses (2007)

Conclusion

“There is no doubt that the Danish government has helped fuelling the risk capital market by acting as front runner in certain underinvested segment. The Danish government redesigned their investment strategy in 2001. An independent investment fund investing on market conditions was created. As a result, the market was pumped with risk capital allocated to commercial viable firms in the early-stage segment. In addition, co-investment with private sector investors became fundamental in the new policy set-up and a number of public-private co-investment funds have been established.”