



COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS

Venture Capital Annual Report

2010

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1. General Summary

The amount managed by the Portuguese venture capital operators increased by 21.8% in 2010, totalling about 2.4 million Euros. This value represented about 1.4% of the Portuguese GDP. The positive evolution of the value of holdings and the channelling of new capital into the sector led to the increase in amounts managed. The net investment in the time period (difference between the acquisition and the disposal of holdings) amounted to 103 million Euros. At the end of 2010, 30 venture capital management companies were registered with the CMVM.

Venture capital investment in Europe amounted to 523 billion Euros at the end of 2010, which means an increase of 40% when compared to the preceding year. This value represented 4.4% of the European Union GDP. The difference between the acquisition and disposal of holdings in companies being financed amounted to approximately 26 billion Euros, with 1,696 venture capital operators operating by the end of that year. European venture capital operators had about 100 billion Euros available as a potential investment ('overhang'), while in Portugal this potential was less than 1% of that amount. The average size of the Portuguese venture capital funds (31.5 million Euros) was about 10 times smaller than the European average in that sector.

A concentration of that value is still under management of the Portuguese venture capital operators. About 1.6 billion Euros, or 68.5% of the amount managed, was concentrated in five companies. These companies accounted for 56.5% of the number of holdings in companies financed by venture capital.

The amount invested in domestic companies financed by venture capital was of about 61.8% of the total of holdings. However, the average value of the investment per holding was considerably less than the average investment in non-resident companies. In the European context, the ratio of investment in local companies by venture capital operators domiciled in that same jurisdiction was about 75%.

The venture capital funds (VCFs) have been preferentially involved in the sector of activity which includes the financial and insurance companies, i.e. not the companies that produce tradable goods. In venture capital companies (SCR) the activity sector that obtained the highest value of investment were water collection, treatment and supply, sewerage, waste management and remediation sector. This sector, aimed primarily at optimizing natural resources and minimizing environmental impacts, does not belong evenly between those who produce goods that could boost exports and, in this manner, the Portuguese economy. However, their progress indicates that the manufacturing sector was a preferred target of venture capital last year. This sector is a quintessential producer of tradable goods, and is thus a key lever for promoting the trade balance. On the European scene, the predominant activity sectors were those classified as 'humanities', 'communications' and 'consumer goods and retail', which collected 41% of the amount managed by venture capital.

The gross value added per worker in the four sectors that best represent venture capital investments is about 50% higher than the average of the Portuguese economy. On the other hand, the amount invested in sectors where this indicator of relative productivity is below the Portuguese average represented only 20% of the venture capital investments in 2010. The investment made in the agriculture, livestock, hunting, forestry and fishing sectors represented only 1.5% (31 million Euros) of the venture capital portfolio. As such, investment continues to be targeted towards activity sectors with higher productivity. Moreover, although in some cases investment takes place in the incubation or start-up stage of companies ('venture capital' that amounts to 16.3% of investments), the venture capital is injected primarily to support expansion, recovery and restructuring of companies ('private equity' that amounts to 83.7% of investments).

The companies characterized as being in a process of 'expansion' represented about 39.8% of the portfolios' value of domestic operators. These are companies that are in a stage of activity that requires the allocation of capital to increase the existing production and commercial capacity and the development of new products. The stages of investment classified as 'replacement capital' (purchase of existing shares of another venture capital investor or other shareholders) and 'turnaround' (providing financing to companies that have experienced difficulties, with the aim of enabling its restructuring and economic viability) have a combined weight of 22.7%. This percentage is an all-time high and is surely related to the deteriorating economic conditions over the past three years which

have placed many companies in financial difficulties. The intervention of venture capital in these companies has become vital in the recent conjuncture, particularly because the bank credit market has suffered from strong constraints and has, at the same time, registered a very significant increase in the cost of debt capital. The investments made in companies at the incubation stage ('seed capital') remained low.

This development was in line with what was experienced on the European scene, since the stages of 'replacement capital', 'turnaround/rescue' and 'buy-outs' showed a significant increase in market share, and the amounts invested in companies of this nature increased by about 50% when compared to 2009.

Venture capital made investments in 128 companies (total or partial acquisitions) and divested in 59 other companies (fully in 37 companies and partially in the remaining companies). In 11 cases, a strengthening of shareholder's positions was made over previously held positions ('follow-on investment'). In Europe, the rate of 'follow-on investment' of venture capital (56%), (i.e. the weight of shares acquired in companies wherein the venture capital operator previously held shares against the total number of shares acquired), was much higher than the Portuguese rate (9%).

Net investment in companies in the 'start-up' and 'early stage' stages of investment amounted to 93.2 million Euros, i.e., 90.5% of net investment. This situation has allowed for an increase of 4.1 percentage points in these two investment stages in the structure of the venture capital portfolio when compared to 2009. There was a net divestment in companies in expansion stages, those with previous interventions of 'management-buy-out' (MBO) and 'seed capital' which, as a whole, amounted to 15.6 million Euros.

At the end of 2010, approximately 18% of the shares held by venture capital companies and venture capital funds provided the majority control of the affiliate companies. It was also found that venture capital often provides more control of all or almost all of the capital where small businesses are concerned, than in larger companies where the total or near total control of which would require a larger amount of investments.

Venture capital is still not used to introduce new companies into the capital market. In 2010, the Divestment of holdings in venture capital companies by initial public offering (IPO) was zero. In terms of the European venture capital, 19 IPOs took place in 2010, corresponding to a total value of 968 million Euros.

With regard to divestment with total loss of value (write-off), there was an increase in the number of transactions when compared to 2009 (14 cases in 2010), which is equivalent to a default rate of 14.1%. In the European venture capital sector this rate was 1.3%.

Although with less relevance when compared to 2009, the results from divestment in 2010 totalled around 9.7 million Euros. Companies in the expansion stage represented about 64.8% (6.3 million Euros) of the capital gains, while the companies in the 'seed capital' stage resulted in capital gains of about 3.3 million Euros (33.9% of the paid-up capital). The other stages of investment did not result in relevant capital gains or losses, except for the companies in the 'start-up' stage that generated a capital loss of about 1.1 million Euros.

The Portuguese venture capital sector reached the end of 2010 with a potential for devaluation (determined by the difference between the valuation and acquisition value of shares) of around 1.8% of the amount under management (which compares with 4.9 % of potential devaluation recorded in 2009). The situation remains different between the VCCs and the VCFs, in the VCCs there are potential capital gains (3.8%), in the VCFs there are potential capital losses recorded (4.4%). In the VCFs, this situation is explained by the fact that 254 of the 826 shares held are inscribed with an appraised value of zero. Only 157 holdings had potential capital gains. The majority of holdings (414, or 50.2% of the total) had potential capital losses.

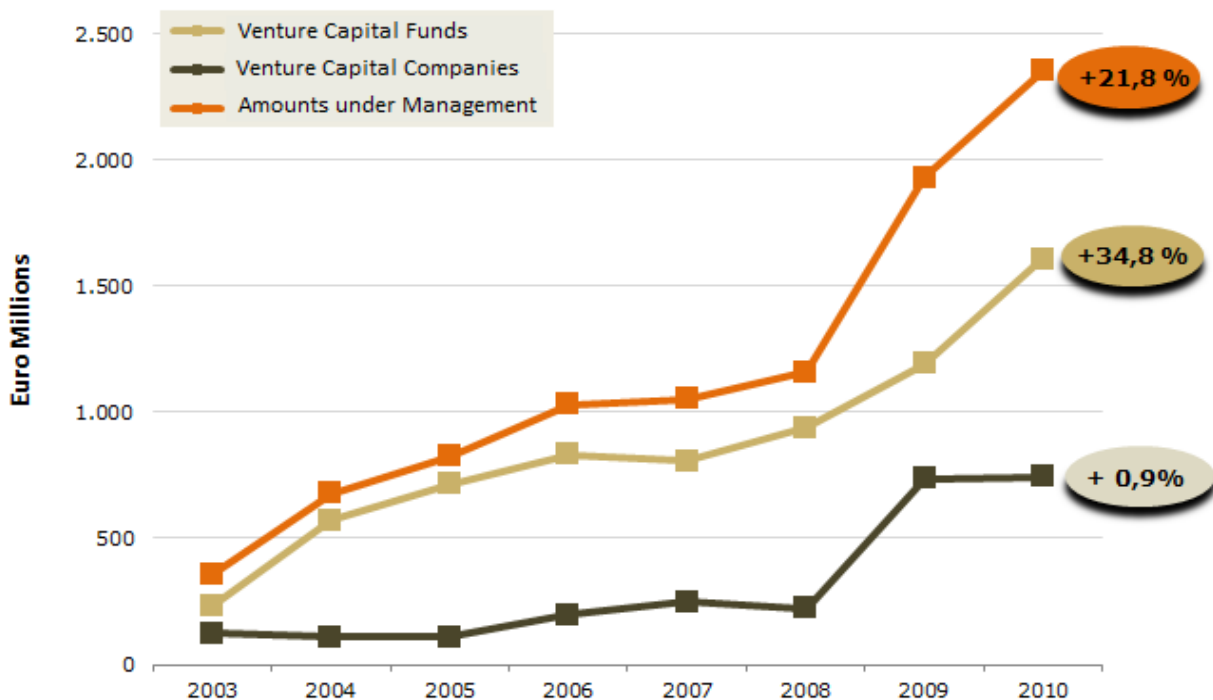
The first six months of 2011 indicated that the Portuguese venture capital sector has maintained certain dynamics, since, in this period, five new venture capital funds were set up (representing, as a whole, an initial capital of more than 50 million Euros) and a new venture capital company was created.

2. Statistical and Economic Analysis

2.1. Amounts under Management

The global amount managed by the Portuguese venture capital operators^{1 2} increased by 21.8% in 2010 (around 421.6 million Euros). The amount under management³ totalled 2.4 billion Euros on 31st December 2010. It is important to note that, as a result of the adoption of the new accounting standardization system (*sistema de normalização contabilística - SNC*), in force since 1st January 2010⁴, the net asset value of the funds (NAV) has ceased to incorporate the capital subscribed but not paid-up.⁵

Chart 1 - Evolution of Amounts under Management (end of year values)



Source: CMVM

¹ Venture Capital Companies, Venture Capital Funds Management Companies and other entities legally authorized to do so.

² The CMVM sources quoted in the charts and tables refer to the annexes of the CMVM Regulation No. 1/2008.

³ Where the holdings in share capital, other financing and investments in VCF holding units, accrued by deposits and other assets directly associated to the pursuit of venture capital activity are included.

⁴ The accounting standardization system approved by Decree-Law No. 158/2009 of 13th July came into force on 1st January 2010.

⁵ In this regard and in order to obtain an equivalent to the values given in previous reports (2007 to 2009), an adjustment was made to the NAV of the venture capital funds of previous years, by deducting the capital subscribed but not paid-up from the NAV then issued.

The increase of the value under management is due to various factors, namely i) to the payment, in 2010, of previously subscribed capital in VCF; ii) to the creation of three new funds (+20.5 million Euros)⁶; iii) to the formation of a new venture capital company; and iv) to the increase in value of holdings held by portfolios managed by venture capital funds and companies. All these changes resulted in an increase of 416.5 million Euros (+34.8%) in the value under management on venture capital funds and of 6.4 million Euros (+0.9%) in venture capital companies in 2010. As for investment of the amounts under the management of venture capital operators, there was a positive net balance of investments as displayed by a difference of approximately 103 million Euros of acquisitions and disposals of holdings.

Venture capital activity in Europe increased, according to the European Private Equity & Venture Capital Association (EVCA), by about 40%, largely as a result of the net investment made in 2010. EVCA also estimated that the venture capital sector had about 100 billion Euros available as a potential basis of investment in companies financed through venture capital at the end of 2010.⁷

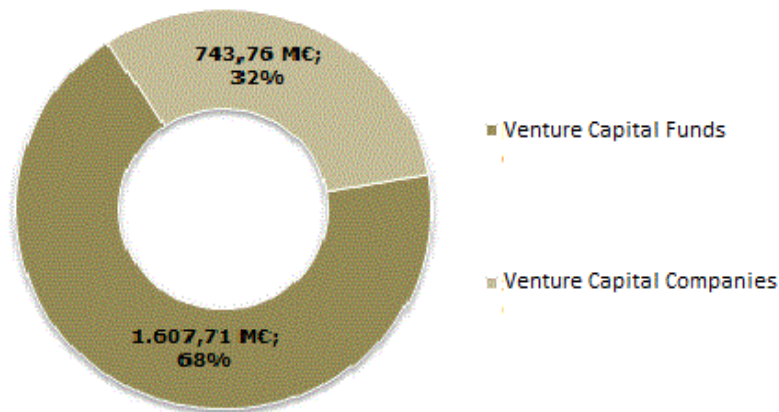
⁶ In 2010, two venture capital funds were closed, having been valued at around 1.5 million Euros as at 31st December 2010.

⁷ Unless otherwise stated, the EVCA is the source of information for all references related to venture capital in Europe.

2.2. Market Shares

The distribution of the amount under management by the venture capital operators has suffered a slight change when compared to the previous year. At the end of 2010, the amount managed by venture capital funds accounted for about 68% (+6 percentage points) of the value of holdings (and other investments) in venture capital companies.⁸ Also, the number of participants in VCFs increased, totalling 379 at the end of 2010 (+16.3% compared to 2009).

Chart 2 - Distribution of Amounts under Management as at 31st December 2010



Source: CMVM

There was still a concentration of the amount under management.⁹ The CR5 indicator shows that 68.5% (about 1.6 billion Euros) of the amount managed by the venture capital operators was concentrated in five companies. These companies accounted for 56.5% (467 of 826) of holdings in companies financed by venture capital and other investments made in 2010. In this group, one of the companies does not manage any funds at all (it only has direct holdings via the balance sheet) and another one simply manages three venture capital funds¹⁰, but does not hold any direct holdings.

⁸ The percentages for 2009 were adjusted after deducting the amount for 'Capital subscribed but not paid-up'. Thus, the new weighting for the VCFs and VCCs in 2009 was 62% and 38%, respectively. In the report released in 2009 they represented, respectively, 76% and 24%.

⁹ See details of holdings in 'Table 2 - Market Share and Average size of the VCFs' (in Annex).

¹⁰ Respectively, *Finpro*, *SCR*, *SA* and *Explorer Investments*, *SCR*, *SA*.

The market share of the 10 largest companies accounted for 91.4% of the total value under management, with the remaining 20 operators accounting for only 8.6% of such amount.

The variation of the HHI indicator between 2009 and 2010 (from 1,220.79 to 1,222.05 points) shows that the degree of concentration in the industry has remained virtually unchanged. This is largely motivated by the existing concentration in the market share of the VCCs (where *Finpro* held approximately 70.9% of the amount under management).

Only 10 venture capital fund management companies¹¹ managed funds with a size (NAV) larger than the average global net asset value of all the VCFs. The 15 VCFs in these conditions amounted to 77.8% (1.3 billion Euros) of the amount under management. The average size of the 51 funds under management (approximately 31.5 million Euros) was higher than in 2009 (+32.2%)¹², but was still about 10 times below the European average in the sector.

¹¹ At the end of 2010, thirty entities were registered with the CMVM as venture capital management companies (27 companies, 2 credit institutions and one investment fund management company).

¹² Given the adoption of the new accounting method and the adjustment of the NAV of funds for the year 2010, the 'capital subscribed but not paid-up' was deducted from their NAV of 2009 in order to make the data comparable. Thus, the average size of the VCFs corrected for year 2009 was 19.8 million Euros.

2.3. Type and Origin of Holdings

In 2010 there was a significant increase in the amount invested in Portuguese companies financed by venture capital. In fact, when comparing the amounts under management invested in resident companies accounted for at the end of 2010 and 2009, there was an increase of about 26.8% and 5.5%, respectively, in the share capital of listed¹³ and unlisted resident companies, and an increase of 79.6% of the amount invested in resident companies through other forms of investment.^{14 15} The amount invested in share capital stakes (and/or other investments) of Portuguese companies reached around 61.8% (1.3 billion Euros) of the total of holdings (2.1 billion Euros) at the end of 2010. This development is significant as it again puts emphasis on the involvement of venture capital in domestic companies, contrary to the movement that took place between 2008 and 2009 (from 85% of holdings to less than 50%). However, considering the average value per holding¹⁶, this falls considerably short of the average amount invested in non-resident companies. At the end of 2010, the number of holdings in share capital of resident companies was 530¹⁷, which is significantly higher than the non-resident companies (66 companies).¹⁸ As seen in 2009, the relevance of the amount invested in non-resident companies is due to the weight of shares held by *Finpro*, which held an investment portfolio which was mainly directed at non-resident companies with a high unit value.¹⁹

In a more detailed analysis it was found, with the exception of companies based in the United Kingdom which represented 24.2% of holdings in venture capital and derived from *Finpro* investments, the amount invested by venture capital were concentrated in companies domiciled in the United States, Luxemburg, Spain and Brazil.²⁰

¹³ The listed companies were *Conduril*, *Ibersol*, *Vista Alegre/Atlantis*, *Sumol + Compal* and *EDP Renováveis*.

¹⁴ Other capital investments include fringe benefits (FB), securitized loans (SL), non-securitized loans (NSL), supplementary benefits (SB), advance on the capital account (ACA) and advances (A).

¹⁵ See details in 'Table 3 - Amounts under Management per Type of Investment' (in Annex).

¹⁶ The total investment compared to the number of venture capital companies.

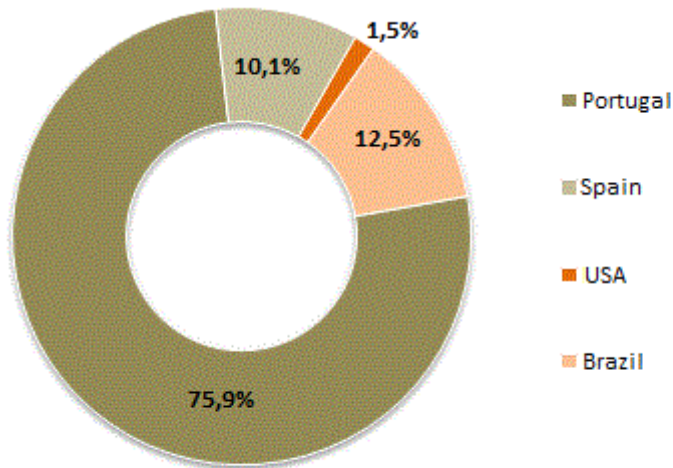
¹⁷ 455 via VCFs and 85 via VCCs.

¹⁸ 42 via VCFs and 24 via VCCs.

¹⁹ In December 2010, the investment portfolio of *Finpro* was valued at around 527.4 million Euros (22.4% of the amount under management in 2010).

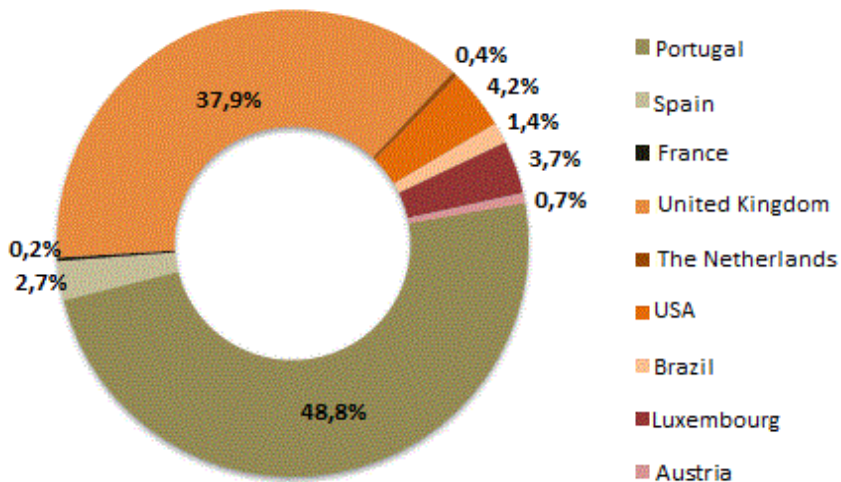
²⁰ See details in 'Table 4 - Amounts under Management per Type of Investment and Country' (in Annex).

Chart 3 - Distribution of Amount Invested in Holdings of Listed Companies (End of 2010)



Source: CMVM

Chart 4 - Distribution of Amount Invested in Holdings of Unlisted Companies (End of 2010)



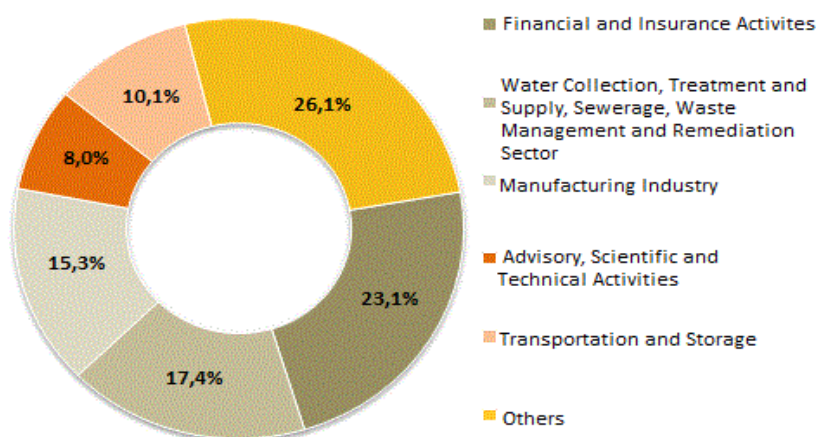
Source: CMVM

The deposits item and other liquid assets allocated to venture capital, which reflects the potential for future investment in venture capital holdings, increased about 15.8% when compared to 2009 (+35.4 million Euros).²¹ In relative terms, the weight of this amount decreased slightly when compared to 2009, representing around 12.4% of the amount allocated to investment in 2010 (2.1 billion Euros).²² This situation reflects the increase of amount invested in venture capital companies in 2010.

2.4. Activity Sectors and Stages of Venture Capital Investment

Venture capital has preferentially directed its investments to the sector of activity, which includes financial and insurance companies, in companies that do not produce tradable goods. This is mainly due to investments made by venture capital funds. However, in venture capital companies, the activity sector with the higher value invested is the water collection, treatment and supply, sewerage, waste management and remediation sector. This sector, aimed primarily at optimizing natural resources and minimizing environmental impacts, also does not fall between those that produce tradable goods and which may constitute a crucial hub in the stimulation of exports for the Portuguese economy.

Chart 5 - Distribution of Amount Invested per Activity Sectors (End of 2010)

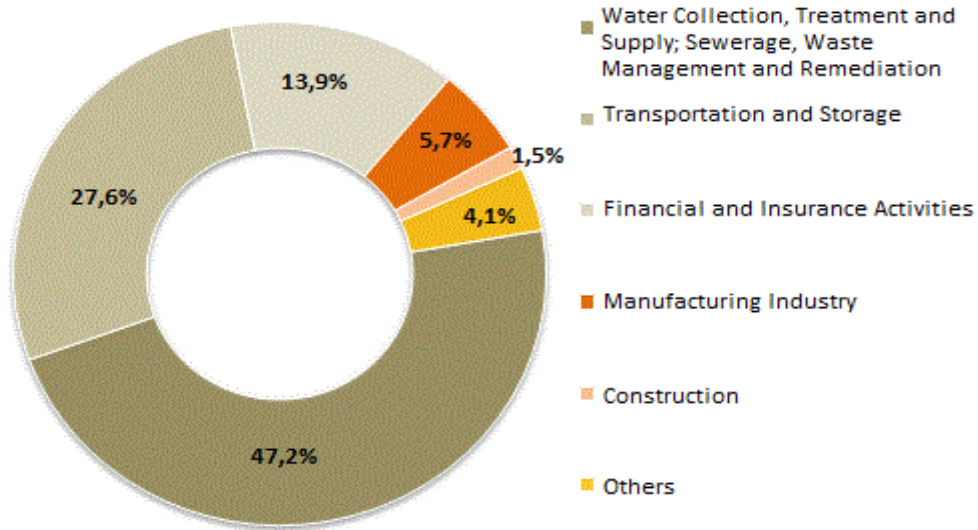


Source: CMVM

²¹ In 2009, the amount of the item 'Deposits and Other Liquid Assets allocated to VC' was 224.5 million Euros, while in 2010 it reached 259.9 million Euros. See details in 'Table 3 - Amounts under Management per Type of Investment' (in Annex).

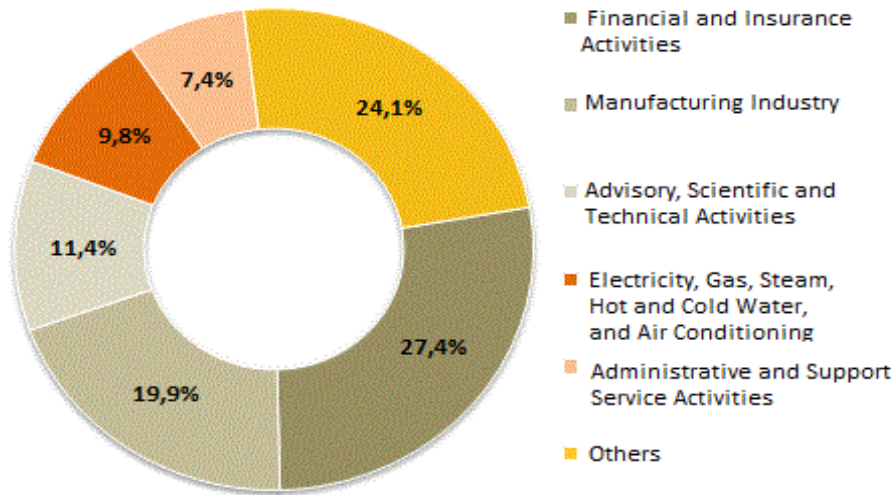
²² In 2009, the representativeness of this item was 12.9%, corresponding to 1.7 billion Euros of investment.

Chart 6 - Distribution of Amount Invested per Activity Sectors by the VCCs (End of 2010)



Source: CMVM

Chart 7 - Distribution of Amount Invested per Activity Sectors by the VCFs (End of 2010)



Source: CMVM

The four main activity sectors in which venture capital makes its investments represent about two-thirds of its portfolio of investments recorded at the end of 2010. The gross value added (GVA) per worker in these sectors is about 50% higher than the average of the Portuguese economy.²³ In addition, the sixth activity sector (electricity, gas, steam, hot and cold water and air conditioning) which is more representative in venture capital investment portfolios is the one with the highest value for that indicator. The GVA per worker in this sector is about 15 times higher than the average of the national economy, which is explained by the fact that this activity sector is not labour intensive and, simultaneously, has a high capacity to generate value. On one hand, the value of investment portfolio made in sectors where this indicator of relative productivity is below the Portuguese average (construction, wholesale and retail trade, repair of motor vehicles and motorcycles, accommodation, food services and the like, professional, scientific, technical and similar activities, administrative and support services activities, education and artistic activities, entertainment, sporting and recreational activities) represented only 16.7% of venture capital investment portfolio in 2010.²⁴ On the other hand, the amount invested in agriculture, livestock, hunting, forestry and fishing sectors represented only 1.5% (30.7 million Euros) of the venture capital portfolio at the end of 2010. Therefore, Portuguese venture capital directs its investments towards activity sectors with higher productivity indices and although in some cases (16.3%) this takes place in the incubation or start-up stage of companies, venture capital intervenes primarily in companies by supporting their expansion.

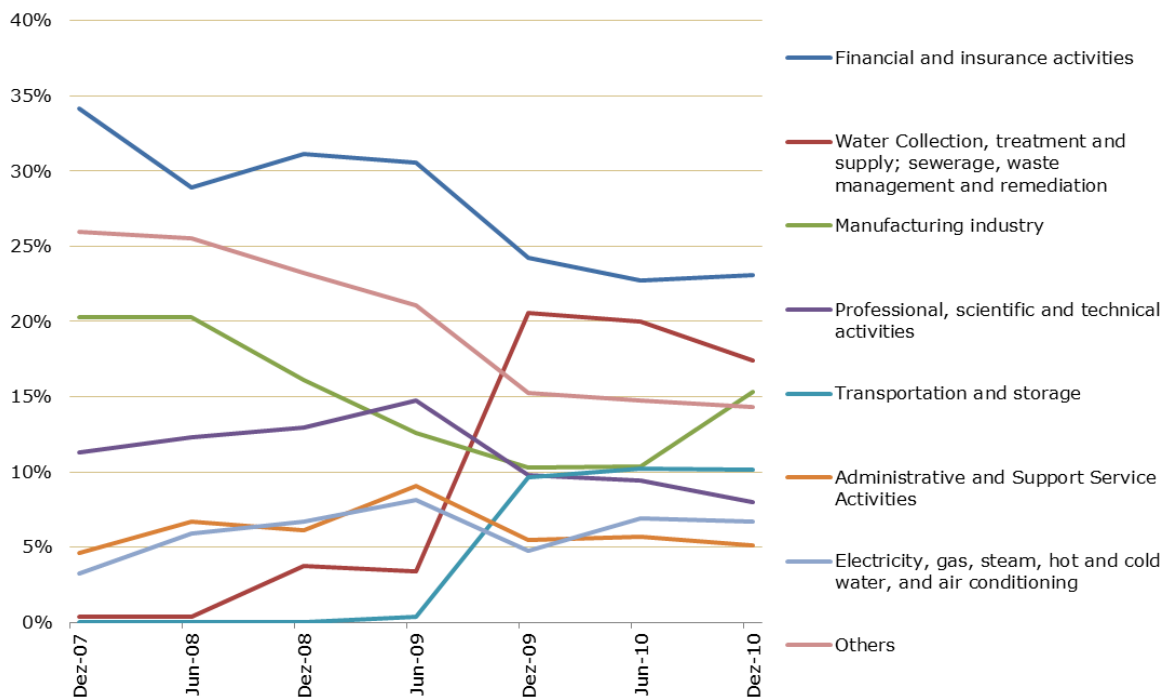
The evolution of the relative weight of the activity sectors over the past three years (Chart 8) shows a significant decrease in the amount invested in companies of the financial, insurance and manufacturing industry sectors. The amount invested in manufacturing industry companies represents a weight that is 5 percentage points inferior to that of 2007, but the evolution that took place between 2009 and 2010 indicates that this sector was the preferred destination for venture capital last year. As one of the major contributors to the production of tradable goods par excellence, the manufacturing sector is a key lever for the promotion of national exports and concomitantly for the recovery of the Portuguese economic growth.

²³ Source: *Instituto Nacional de Estatística* [National Institute of Statistics], 2009 data (CMVM calculations, excluding financial and insurance companies).

²⁴ In 2009, these sectors accounted for about 50% of the GVA of all domestic non-financial companies.

The increased weight of the water collection, treatment and supply, sewerage, waste management and remediation sector and the transportation and storage sector between 2007 and 2010 was due to the conversion of a holding company into a venture capital company in 2009. The investment portfolio of this company is concentrated in these two sectors - representing 85.7% of the venture capital investments in these areas of activity and 27.5% of the total value of investments made by the venture capital sector - which justifies the significant increase in weight of those two sectors in 2009 and their stabilization in 2010, and reveals that there was a specific redirecting of venture capital investments towards these areas of activity.

Chart 8 - Evolution of Investments per Activity Sectors

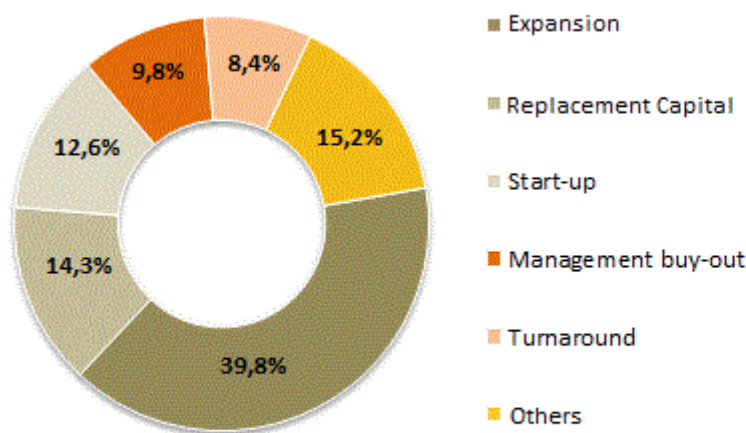


Source: CMVM

On the European scene, the activity sectors that prevailed were the ones classified as 'humanities', 'communications' and 'consumer & retail goods', which were responsible for 41% of the amount managed by venture capital.

With regard to the stages of investment in which the venture capital is injected into the affiliate companies (Chart 9), the companies characterized as being in 'expansion' represent approximately 39.8% of the amount invested at the end of 2010 (50% in 2009).²⁵ These are companies that are in a stage of activity that requires the allocation of capital to increase the existing production and commercial capacity and the development of new products.

Chart 9 - Distribution of Amount Invested per Venture Capital Injection Stages in Companies (End of 2010)



Source: CMVM

The stages of investment classified as 'replacement capital' (purchase of existing shares of another venture capital investor or other shareholders) and 'turnaround'²⁶ (providing financing to companies that have experienced commercial difficulties, with the aim of enabling their restructuring and economic viability) have a combined weight of 22.7%. This percentage is an all-time high and is surely related to the deteriorating economic conditions over the past three years, which have put into question the viability of many companies. The intervention of venture capital in these companies has become vital in the recent conjuncture, particularly because the bank credit market has suffered from strong constraints and has, at the same time, registered a very significant increase in the costs of funding.²⁷

²⁵ See details in 'Table 6 - Amount Invested per Venture Capital Entry Stages in Companies (December 2010)' (in Annex).

²⁶ Also called 'rescue'.

²⁷ This conclusion is reinforced by the fact that the weight of the 'bank debt refinancing' investment stage has evolved from 0.6% to 2.3% between 2009 and 2010.

In cases where the management of a company (or part of the management), with help from venture capital investors, acquires the capital of that same company (MBO), the amount invested showed a significant weight increase when compared to 2009. This trend indicates that, possibly also in some companies that have gone through difficulties, the management in office puts its efforts into their company's capacity to create value and in its recovery.

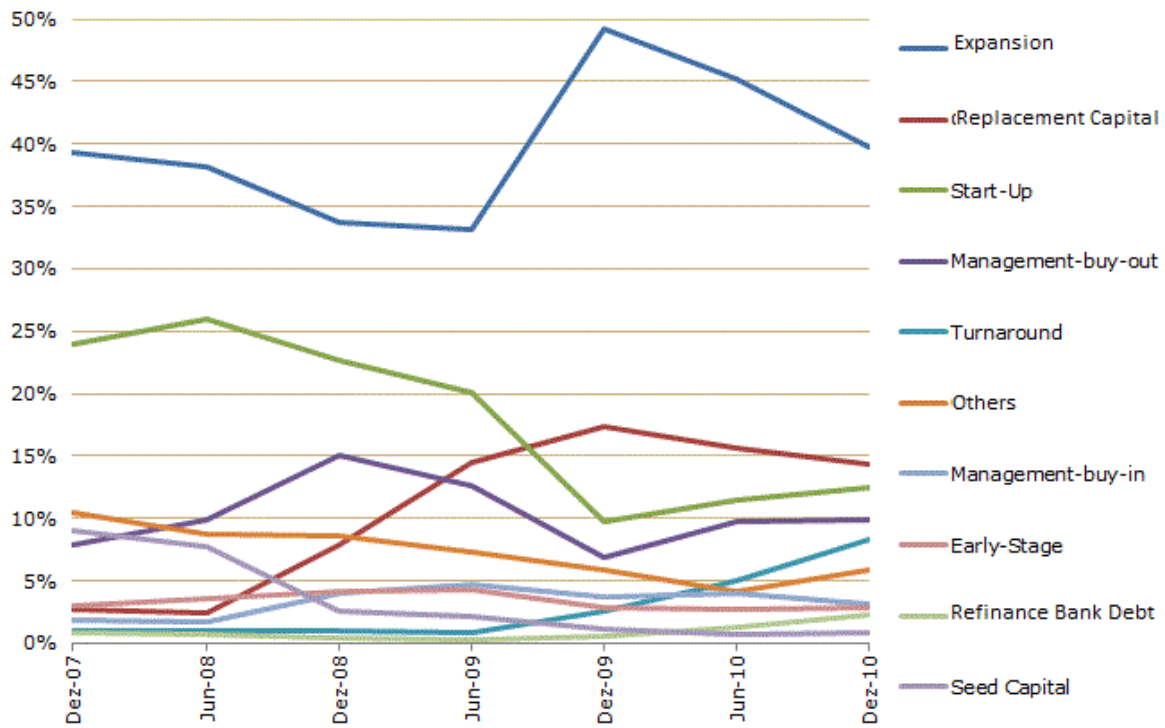
This development was in line with that experienced on the European scene, since the investment stages of 'replacement capital', 'turnaround', 'rescue' and 'buy-outs' showed a significant gain in market share, and the amounts invested in companies of this nature increased by about 50% when compared to 2009 (30 percentage points just in the last quarter of 2010).

At the end of 2010, the average investment in companies undergoing the expansion stage (3.3 million Euros), in which the venture capital is injected companies as replacement capital or through 'turnaround', or in which venture capital is injected into companies via MBO financing (in both cases 2.8 million Euros), is relatively homogeneous and much higher than other stages of investment (e.g. when compared to the average investment in companies at the start-up stage, which amounts only to about seven hundred thousand Euros).

The Chart below shows the development of amount invested by venture capital in relation to the stages in which companies were when investments were made. In addition to the trends aforementioned, two other trends are worth mentioning. The first refers to the weight, which continues to be almost negligible, of the investments in 'seed capital'.²⁸ The lack of 'business angels' registered with the CMVM, whose job it is to assume a key role in promoting such investments, can explain this fact. The second concerns the intervention of venture capital in companies through bank debt refinancing. Although in 2010 the weight of this stage of investment has shown an increase when compared to 2009 (+1.7 percentage points), this form of investment continues to be rarely used by venture capital.

²⁸ Incubation of corporate ideas and/or research and development prior to the start-up stage of companies is usually associated with business angels (e.g. entrepreneurs or former managers of companies from the same activity sector) who bring not only capital but also technical and management know-how.

Chart 10 - Evolution of Investment per Venture Capital Injection Stages in Companies



Source: CMVM

2.5. Net Investment and Portfolio Turnover

Net investment made in each period and the portfolio turnover is relevant indicators for measuring the dynamics of venture capital. Net investment is determined by the difference between the total amount of acquisitions and disposals. The portfolio turnover is calculated by the ratio between the sum of acquisition and disposal transactions carried out throughout the year or half-year and the amount under management in the previous time period.²⁹

In 2010, net investment stood at around 103 million Euros (232 million Euros in 2009),³⁰ 5.3% of the value under management in 2010 (15% in 2009).³¹ Net investment was higher in venture capital funds (+107.9 million Euros) than in venture capital companies (negative net investment of 4.9 million Euros).

If the transactions carried out by VCCs or VCFs are considered, the annual investment portfolio turnover in venture capital amounted to 13.8% in 2010 (28.3% in 2009). After a detailed analysis of the acquisition and disposal transactions performed in 2010, it was concluded that venture capital made investments in 128 companies (total or partial acquisitions) and divested in another 59 companies (fully in 37 and partially in the others). In 11 of the acquisition cases a strengthening of shareholder's previously held positions was made ('follow-on investment').

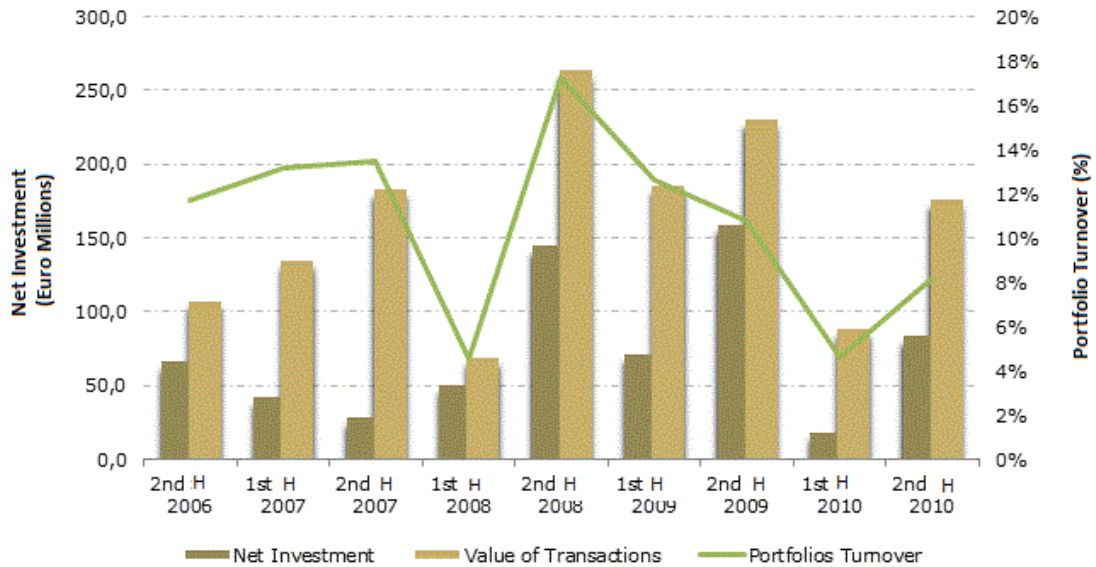
Chart 11 shows the evolution of these indicators over the past four years. After a progressive increase in net investment up to 2009 (with, in general, a higher concentration of investments in the second half of each year), net investment declined significantly in 2010. Adding the two halves of 2010, it was concluded that net investment of venture capital stood at values close to those found in 2006 and only slightly higher than those of 2007.

²⁹ In the case of VCF, the respective NAV was deducted from the capital subscribed and not paid, as explained in footnote 7.

³⁰ See details in 'Table 7 - Transactions and Portfolio Turnover' (in Annex).

³¹ For the purpose of an accurate comparison, the amount under management in 2009 was deducted from the capital subscribed but not paid-up of the venture capital funds.

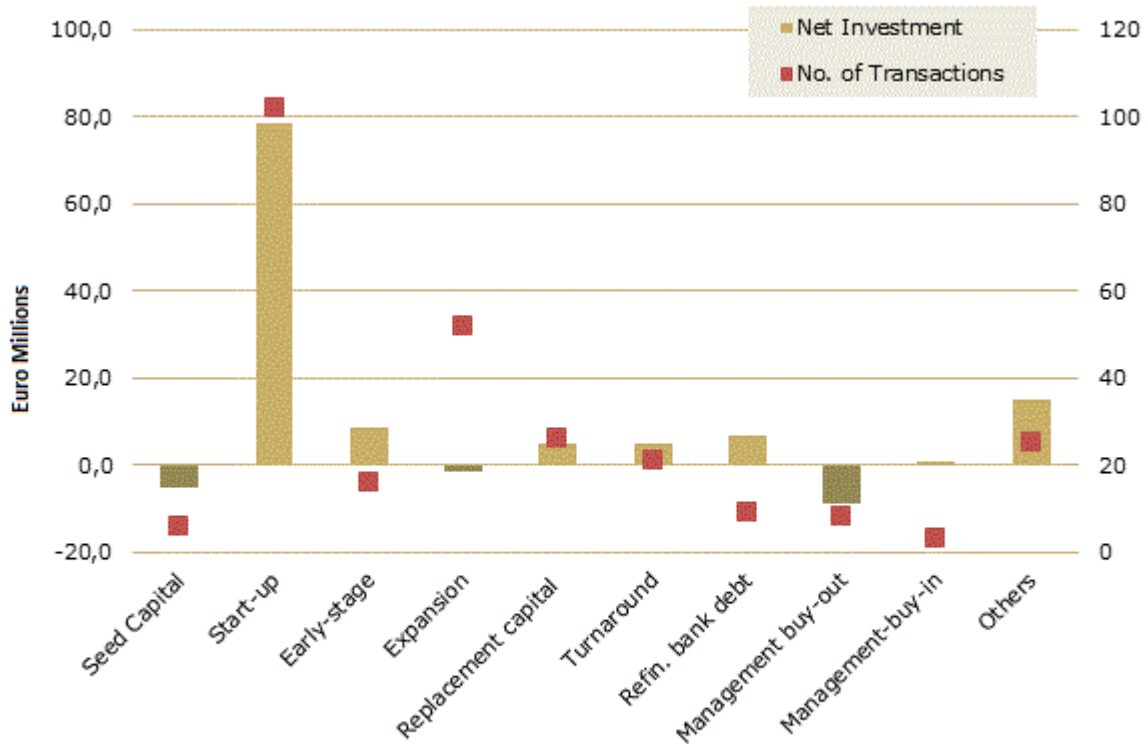
Chart 11 - Evolution of Net Investment, Transactions and Portfolio Turnover



Source: CMVM

The breakdown of transactions by venture capital according to the various stages of investment allows us to assess the stages of development of the companies in which there has been a greater or lesser preponderance of venture capital investments. The year 2010 was marked by the concentration of net investments in companies undergoing the stages of 'start-up' or 'early stage' of their activity. Net investment in companies undergoing these stages amounted to 86.8 million Euros, i.e., 84.3% of total net investment made by the sector in 2010. This situation has shown a significant increase of these two stages of investment when compared to 2009 (10.4 million Euros).

Chart 12 - Net Investment and Number of Transactions per Investment Stage
(1st and 2nd Half of 2010)



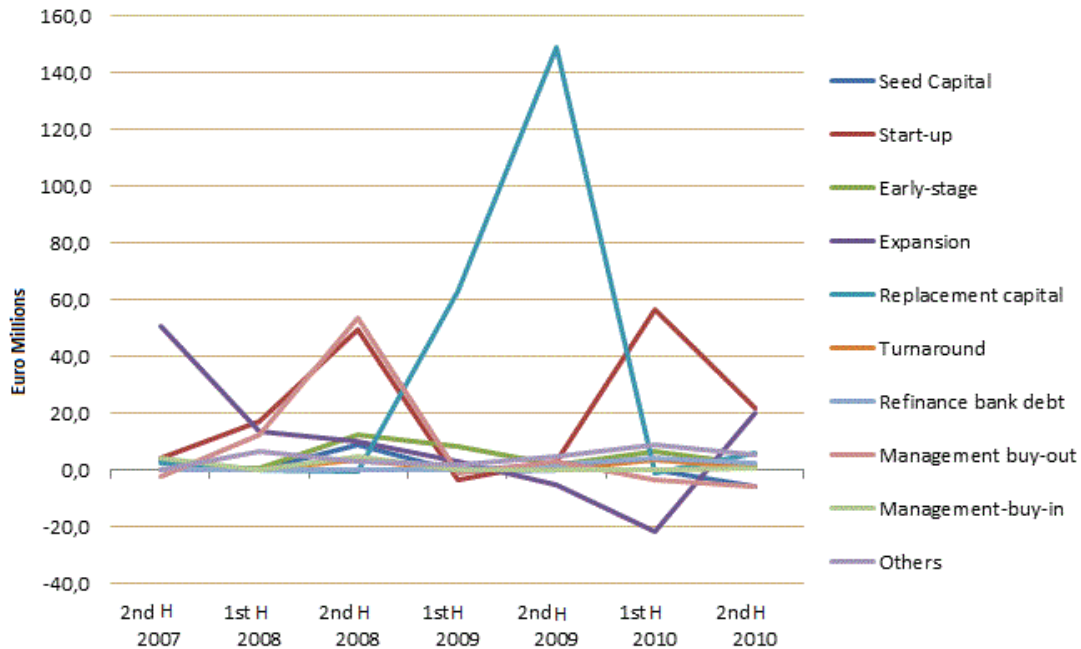
Source: CMVM

There was a net divestment in companies undergoing expansion phases, previously intervened via MBO and 'seed capital' which, as a whole, amounted to 15.6 million Euros.

Chart 13 shows the evolution of the net investment by investment stage in each semester.³² The conclusions expressed earlier are clearly shown in terms of the increase in investment in companies undergoing the start-up stage, as well as in relation to the divestment in companies undergoing the expansion stage. In the latter, the second half of 2010 signalled the inversion of the declining trend of net investment observed since 2007. However, it was not enough to offset the net divestment that took place in the first half of 2010 and the net investment for the whole year in companies undergoing the expansion stage was -1.5 million Euros.

³² The variation that occurred between 2008 and 2010 in the 'replacement capital' investment stage reflects the inclusion of *Finpro* in the venture capital sector in 2009.

Chart 13 - Evolution of Net Investment per Investment Stage (1st and 2nd Half 2010)



Source: CMVM

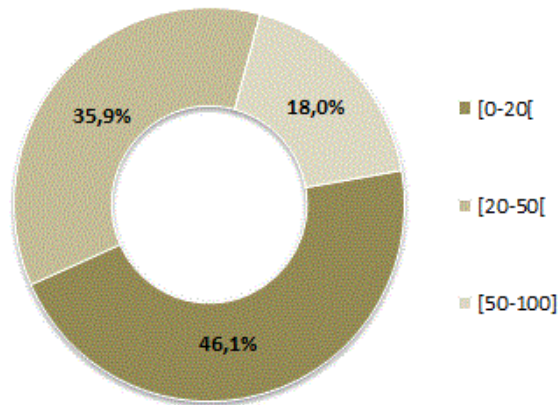
2.6. Holdings in Affiliate Companies

Venture capital entities act in affiliate companies not only as financing agents, but also, quite often, by providing technical advice and getting involved in the management of the affiliate companies. This approach is usually referred to as 'hands-on', as opposed to an approach in which venture capital only provides capital to companies in which it invests ('hands-off').

Despite the fact that the influence on the management of the affiliate companies does not rely solely on the size of the shareholder position, at the end of 2010 approximately 18% of the shares held by venture capital companies and venture capital funds provided the majority control of the affiliate companies.³³

³³ In 2009, the venture capital had shareholder control in approximately 17% of holdings.

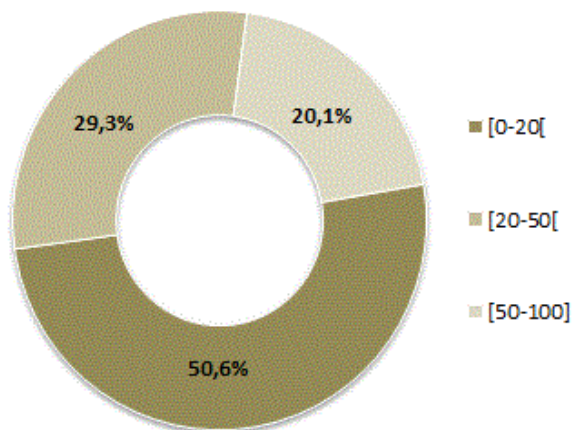
Chart 14 - Holdings in Share Capital of Companies (% of number of holdings - December 2010)



Source: CMVM

The shareholder domination of venture capital in affiliate companies gains a slightly greater relevance if measured by the total value of holdings (20.1%). More than three quarters of this value are concentrated in holdings between 50% and 60% (investments in 25 companies). The holdings exceeding 90%, although significant in terms of the number of affiliate companies (investments in 44 companies), are merely residual when envisaged by the size of the affiliate companies. This means that in larger companies that, as such, require a greater amount of investment, venture capital seeks to ensure shareholder control to the extent strictly necessary, whereas, in smaller companies the shareholder control is almost total.

Chart 15 - Holdings in Share Capital of Companies (% of value of holdings - December 2010)



Source: CMVM

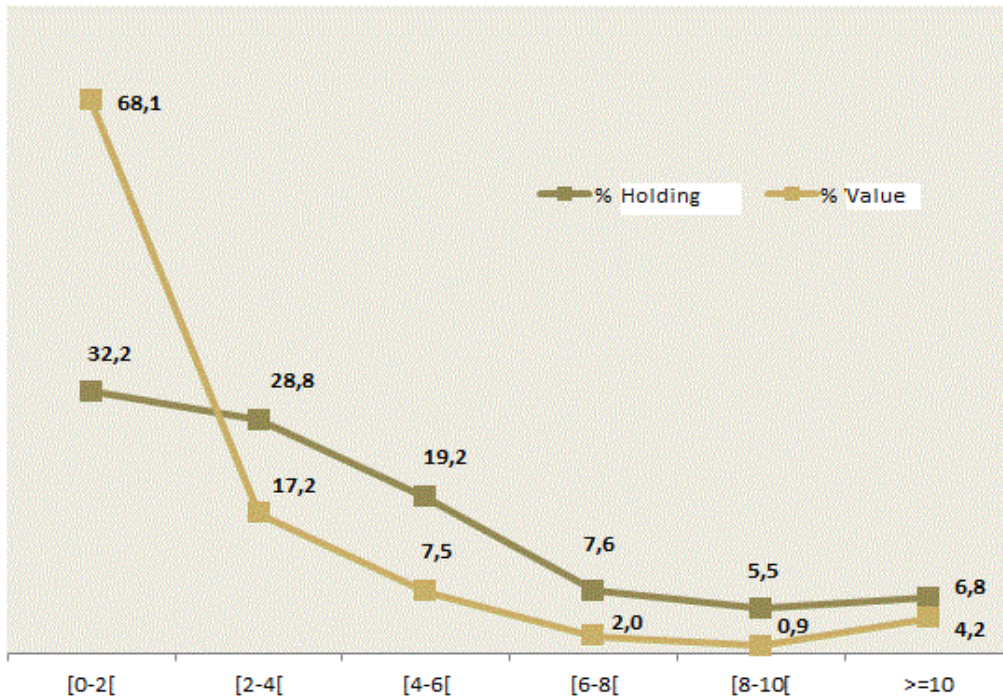
The shareholder positions which did not exceed 20% of the share capital of affiliate companies, measured by the number of shareholdings or the value of companies where an investment was made, represented 46.1% and 50.6%, respectively.

In terms of number of holdings, to hold a majority of share capital is more likely when the investment is made by venture capital funds. However, when assessing the shareholder position based on the value of the affiliate company, it is in venture capital companies that this type of action has a greater weighting. This is mainly due to the characteristics of the portfolio of a venture capital company, whose value under management represents over two thirds (70.9%) of the amount managed by VCCs and 22.4% of the total venture capital sector.

In some situations, the holding of shares by venture capital is limited in time (10 and 5 years, consecutively or separately, for the investments made, respectively, by a VCC or a VCI). Thus, the cases in which holdings are held for a period exceeding 10 years are residual. On the other hand, holding shares for a period of up to four years occurs in 61% of cases.³⁴ This percentage is 2.4 percentage points lower than in 2009.

³⁴ See details in 'Table 10 - Duration of Holdings in Share Capital' (in Annex).

Chart 16 - Holdings in Share Capital of Companies (% of Number and Value of Holdings)



Source: CMVM

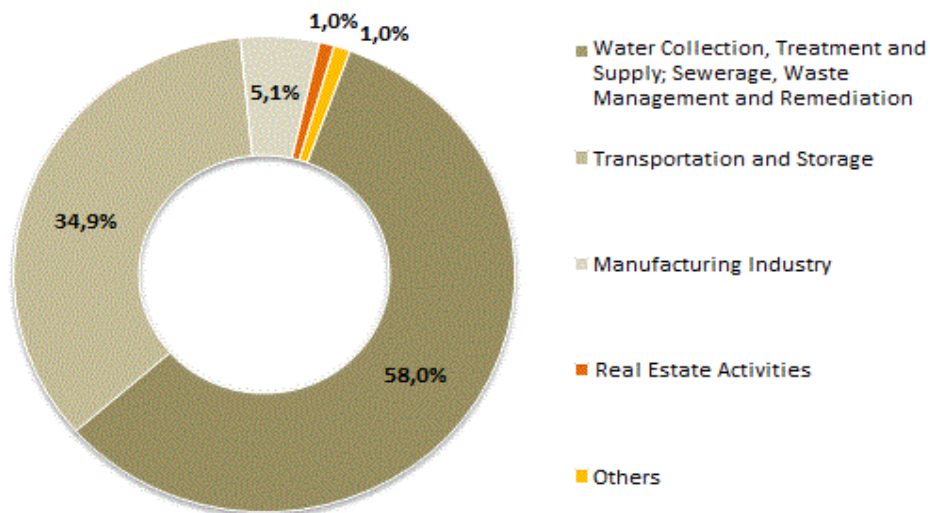
However, it should be noted that if the period in which shares are held is measured by the size of the companies financed by venture capital, the outlook changes significantly. In that case, over 85% of shares are held for up to four years. This is largely due to the portfolio of a venture capital company that became part of the sector in 2009: the investments of which are made for up to two years and influenced decisively the overall data of the sector.³⁵

Charts 17 and 18 show in further detail holdings in share capital held for up to two years by investment sector, by VCFs and VCCs, respectively. In the case of VCCs, 93.1% of the value of holdings has been part of the portfolio for less than two years. As mentioned above, this is due to the investments of a VCC which are concentrated in the water collection, treatment and supply, sewerage, waste management and remediation sector and the transportation and storage sector. If this company was not taken into account for the purpose of determining the term of holdings, the percentage of the value of holdings of less than two years would decrease to approximately 12.2% and the holdings between

³⁵ This company already existed, but before that year it was a holding company.

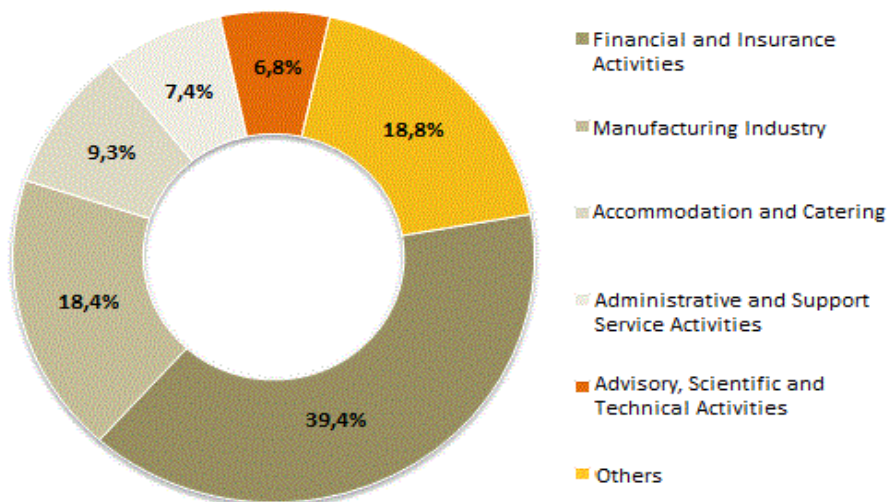
8 and less than 10 years would increase from 0.2% to about 2.3%. The holdings with more than 10 years accounted for 29.4% (2.3% in 2009).

Chart 17 - Distribution of Amount Invested per Predominant Activity Sectors in VCCs (under 2 years)
- End of 2010



Source: CMVM

Chart 18 - Distribution of Amount Invested per Predominant Activity Sectors in VCFs (under 2 years)
- End of 2010



Source: CMVM

In the case of VCFs, 50.2% of the value of holdings was held for a term of up to two years and is mostly concentrated in sectors related to financial and insurance activities, as well as manufacturing. These holdings belong mostly to fund portfolios created between 2009 and 2010.

2.7. Divestment Strategies

The amount of divestment in holdings belonging to venture capital companies in 2010 decreased by 12.4% (11.5 million Euros) but 16 more transactions were made when compared to 2009. Overall, 99 divestment transactions were executed which is equivalent to 81.2 million Euros.³⁶

Unlike that which happened in 2009, the divestment strategy with the most relevance, in terms of value, was the disposal of holdings to shareholders or the management team (50.4%). The second highest percentage (46.9%), which also had the largest number of transactions (40), was the sale to third parties strategy.³⁷ In 2010, these two approaches represented, approximately, 74.7% of transactions and 97.4% of the amount of the disposed holdings. At a European level, the divestments made in the same period were mainly carried out in the market through the exchange of holdings between venture capital operators of different sizes.

Similar to recent years, venture capital is still not being used to introduce new companies in the capital market. In 2010, the divestment of holdings in companies financed by venture capital by Portuguese management companies through initial public offering (IPO) was inexistent. At a European level, 19 transactions (IPOs) took place corresponding to a total value of 968 million Euros.³⁸ From the 497 holdings held at the end of 2010 by venture capital fund management entities, only 152 (30.6%) are valued at sums over 500,000 Euros³⁹; 75.7% of those shares (115) represent a percentage of over 10% of venture capital companies capital. On the other hand, from the 109 holdings held by venture capital companies, 24 (22.0%) had a value exceeding 500,000 Euros

³⁶ See details of the transactions in 'Table 11 - Venture Capital Divestment Strategies' (in Annex).

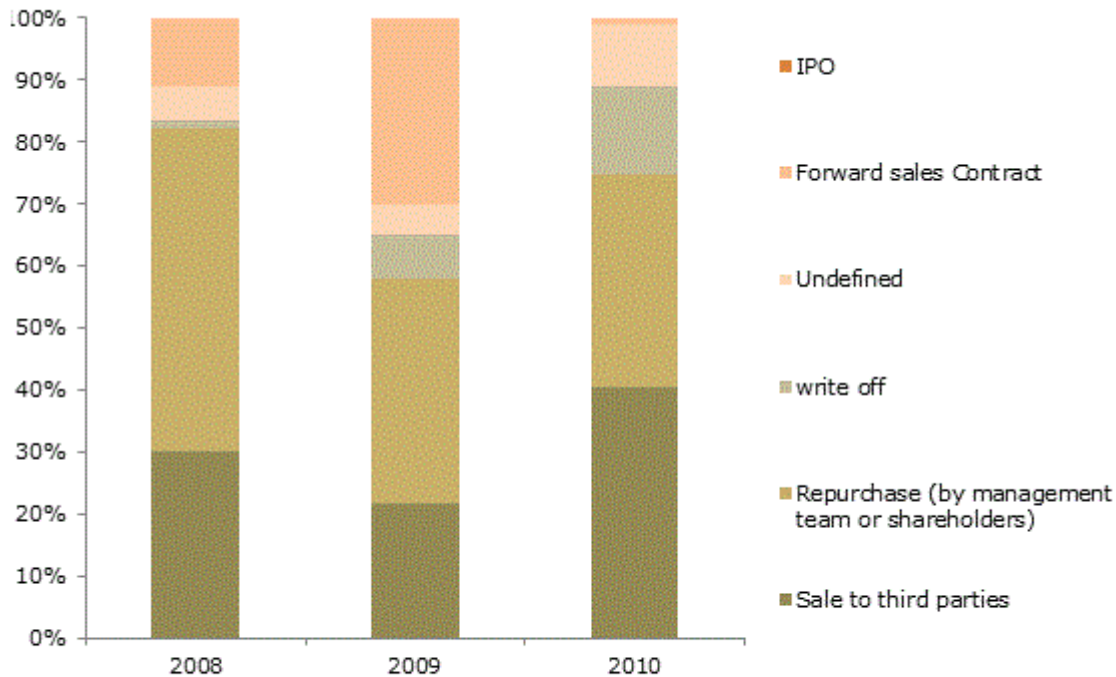
³⁷ In 2009, this divestment strategy represented only 6.6% (6.1 million Euros) of the disposed holdings.

³⁸ EVCA, Barometer for Spring 2011. In 2009, the value of the divestment of venture capital through IPOs was about 1.4 billion Euros, 67 transactions having been conducted.

³⁹ The share capital of the 17 companies admitted to trade on EasyNext varies between 0.38 and 10 million Euros and none of these companies was the target of intervention via venture capital.

and 70.8% of those shares (17) had a percentage of capital of over 10%. Thus, the potential for future divestment in these 132 holdings meets the conditions necessary for its admission to trading, for example, on Easynext.⁴⁰

Chart 19 - Evolution of the Type of Divestment Strategies (Weight of the Number of Divestments)



Source: CMVM (Information on 1st and 2nd Half of each year)

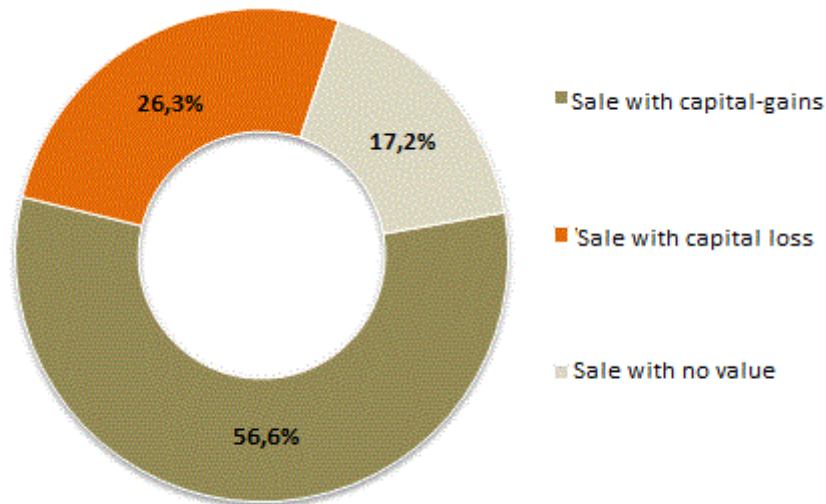
With regard to divestment with total loss of value (write-off), there was an increase in the number of transactions, with a total of 14 cases taking place in 2010 (which is equivalent to a default rate of 14.1%).⁴¹ However, as stated in the next section, about 30.8% of the shares held by domestic VCFs are included in the portfolio with a value of zero, which permits the assumption that the percentage of write-offs is different. In Europe, the default rate (write-offs) was about 1.3% in 2010.

⁴⁰ Rulebook 2 of Euronext establishes that the admission to trading on the EasyNext sector can be requested by those who hold at least 10% of the share capital. Moreover, as mentioned in the footnote above, the company currently admitted to trading in this sector with the lowest value of share capital among the rest is below the aforementioned threshold of 500,000 Euros (contrary to what occurs to companies admitted to the regulated market, there is no minimum value of share capital requirement in EasyNext for purposes of admission to trading).

⁴¹ An increase of 6.9 percentage points when compared to 2009, i.e., 14 transactions in 2010 when compared to 6 transactions in 2009. The default rate was calculated by the ratio between the number of holdings disposed for an amount up to EUR 3 and the total number of disposals recorded for the same period.

Considering the results of investment transactions in venture capital in 2010, about 73.7% did not result in capital losses for the Portuguese venture capital operators. With less relevance when compared to the values recorded in 2009⁴², the results from divestment⁴³ in 2010 were positive totalling approximately 9.7

Chart 20 - Breakdown of Divestment according to Capital Gains obtained in the Transaction (End of 2010)



Source: CMVM (Information on 1st and 2nd Half)

Regarding term periods during which shares are held, and in accordance with that mentioned in the previous section⁴⁴, the divestment that took place has an average maturity of about two years.⁴⁵ In respect of the investment stages the venture capital was in at the time of the disposal of the holdings, companies undergoing the expansion stage accounted for about 64.8% (6.3 million Euros) of the amount obtained from capital gains, while companies undergoing the 'seed capital' stage provided proceeds of about 3.3 million Euros (33.9% of the paid-up capital).⁴⁶

The remaining stages showed no gains or losses of significant amounts, except the 'start-up' companies which, contrary to what occurred in 2009, produced a capital loss of approximately 1.1 million Euros.⁴⁷

⁴⁴ In 2009, the net balance of divestment was about 22.7 million Euros.

⁴³ Result of the difference between transaction price and valuation of the holdings.

⁴⁴ The highest percentage of holdings, as well as of the amount invested by venture capital operators, has a maturity of about two years.

⁴⁵ In capital losses, this period is on average one year.

⁴⁶ See details in 'Table 12 - Investment Stage of Venture Capital Divestment' (in Annex).

⁴⁷ In 2009, the companies disposed in this investment stage resulted in proceeds of about 6 million Euros.

In contractualised forward transactions, the present value of the contracts totalled about 94.9 million Euros (4.0% of the value under management by the venture capital operators).⁴⁸ Nonetheless, this value is currently underestimated because, in most cases, contracts do not mention the updated figures (approximately 77.0% of the limited duration contracts were registered in the portfolios with a zero or negative value).⁴⁹

Regarding the type of binding adopted in these contracts, options⁵⁰ represented about 70% of the contracts made in 2010 (515).⁵¹

In terms of the criterion for the pricing of forward transactions, pre-defined at the outset, most transactions use 'assessment' typologies⁵² (60.1% of contracts) and the 'calculation formula defined in the contract' (22.4% of cases). The contracts that represent the largest financial amount, approximately 40.9 million Euros (43.1% of the contractually specified amount) are indexed to Euribor (capitalization of the acquisition value).

2.8. Portfolio Assessment Methodologies

The investments held by venture capital should be valued, alternatively, at their fair value or by the conservative method.

In determining the fair value of investments, different methodologies are admissible. In the case of shares listed on the market, the last price (simple or reference price), the best bid or the average between the best bid and ask prices ('mid bid-ask') that are quoted on the relevant market at the reference time for the assessment of the portfolios, can be used. In the case of unlisted shares, the fair value is determined using one of three methodologies: (i) the reference price resulting from transactions that are materially relevant for the share to be assessed, carried out by entities which are independent from the VCCs or VCFs, or carried out by the VCCs or VCFs as long as they involve at least 5% of the share capital of the company in question,⁵³

⁴⁸ In 2009, this percentage was equivalent to 4.9% of about 1.9 billion Euros under management.

⁴⁹ In 2009, this situation represented 83% of all registered contracts.

⁵⁰ The right to dispose of or acquire shares on a pre-defined date.

⁵¹ See details of the operations in 'Table 13 - Type of Binding in Contractualized Forward Transactions' (in Annex).

⁵² Which consists of the assessment of the share at market value on the date of the transaction.

⁵³ If this reference price exists, it gains precedence over the other two methodologies.

(ii) the use of multiples from comparable companies, particularly in terms of activity sector, size and profitability, or (iii) discounted cash flows (DCF).⁵⁴ The VCCs and VCFs are allowed to apply a discount factor of up to 10% over the fair value. In the case of investments in shareholdings of VCFs, the fair value corresponds to the last net asset value (NAV) available.

The conservative method dictates that the valuation of investments must be made at their acquisition value, which can only last for 12 months after the acquisition of the share, without prejudice to the verification of supervening circumstances inherent to the company or the market that may force the valuation at fair value.

As almost all of the shares held by venture capital funds are from unlisted companies, the determination of fair value is made according to one of the three abovementioned methodologies, but the one in which future cash flows of the affiliate company (DCF) are updated is predominant.⁵⁵ This method is used in 64.6% of the number of holdings held, which accounts for 55.8% of venture capital investments.⁵⁶

The use of assessment methodologies based on multiples or relevant transactions of similar companies, although relatively insignificant in terms of number of holdings (12.4%), still represents almost double this percentage in terms of the value of investments (20.0%). This can be explained by the fact that information on the business conditions is more easily found in larger companies, serving as a reference for the assessment of holdings, and there is also more information of a more homogeneous nature, allowing the use of a reliable methodology based on multiples.

The conservative method (maintaining shares at their acquisition price for up to one year after their purchase) represents 17.2% of the value of investments and 16.1% of the number of shares. These percentages reflect, respectively, a decrease and an increase of 2.3 percentage points when compared to 2009. This evolution in opposite directions can be explained by the increasing maturity of the shares held in portfolio, together with the fact that the momentum from new acquisitions in 2010 has not been enough to offset the investments that, in the meantime, were forcibly moved to another assessment method

⁵⁴ The credits and other debt instruments must be assessed in accordance with this methodology.

⁵⁵ See details in 'Table 16 - Assessment Methodologies for Investments' (in Annex).

⁵⁶ Only in about 15% of cases the venture capital companies made use of the prerogative to apply a discount factor of 10%.

other than the conservative method. This means that the holdings previously assessed by the conservative method represented, as a whole, a higher investment value than the holdings that were, in the meantime, taken over by venture capital in 2010, and assessed according to the same method.

The use of the aforementioned methodologies to determine the fair value of holdings allows the calculation of potential capital gains inherent to the investments in the portfolio. This can be done by the difference between the values registered in the portfolios according to the application of the fair value principle, the use of the NAV, and the acquisition value of shares. It is therefore concluded that the venture capital sector currently contains a potential for devaluation of around 1.8% of the value under management. This reflects a significant change when compared to 2009, as the potential devaluation of the portfolios that year amounted to 4.9% of the value under management by venture capital.⁵⁷

As in 2009, the situation remains different in the case of VCCs, where there are more potential capital gains, unlike that which occurs in VCFs, where there are potential capital losses. Thus, the VCCs have potential capital gains of 3.8%, while the VCFs have potential capital losses of about 4.4%.⁵⁸ In the VCFs, this situation can be explained by the fact that 254 (30.8%) of the 826 holdings held are registered with an assessment value of zero. On the other hand, only 157 (19.0%) holdings had potential capital gains. The majority of holdings (414, or 50.2% of the total) had potential capital losses.

However, it should be borne in mind that most holdings have associated fixed-term exit agreements where the pricing conditions for the divestment are established. The assessment of the potential for devaluation cannot disregard these exit agreements, as well as the stage in which the investments are at the time, since, as a rule, if capital gains exist they are produced at an advanced stage of the investment.

⁵⁷ In 2009, the potential capital gains were -85.4 million Euros, compared to an amount under management of 1,742.6 million Euros (4.9%).

⁵⁸ While the potential for devaluation of the VCFs remained unchanged when compared to 2009, in the case of the VCCs the potential for valuation increased 1.3 percentage points.

Annexes



**Venture Capital
Annual Report
2010**

Table 1 - Venture Capital Funds and Venture Capital Companies in Activity (31/12/2010)

Unit: 10⁶ Euro

	No. of Management Companies	Amount under Management	Share
Venture Capital Funds	51	1.607,7	68,4%
Venture Capital Companies	27	743,8	31,6%
Total	78	2.351,5	100,0%

Source:CMVM

Table 2 - Market Share and Average Size of the VCFs (31/12/2010)

Unit: 10⁶ Euro

Management Entity	Global Market Share	Market Share (VCC)	Market Share (VCF)	No. of Managed VCF	Average Size of VCF	No. of Managed VCF 2009	Average Size of VCF in 2009	Δ Average Size of VCF
Finpro, SCR, SA	22,4%	70,9%	0,0%	0	-	0	-	-
Caixa Capital - SCR, SA	17,7%	3,0%	24,6%	4	98,7	4	85,6	15,3%
Explorer Investments - SCR, SA	12,6%	0,0%	18,4%	3	98,8	3	63,4	55,8%
ECS - SCR, SA	8,4%	0,8%	11,9%	2	95,3	2	32,3	194,9%
InovCapital - SCR, SA	7,4%	3,5%	9,1%	11	13,3	11	11,9	12,2%
Espírito Santo Capital - SCR, SA	5,7%	7,3%	5,0%	3	26,5	3	25,2	5,2%
Espírito Santo Ventures - SCR, SA	5,7%	0,0%	8,3%	4	33,2	4	15,7	111,2%
AICEP Capital Global - SCR, SA	5,3%	3,5%	6,2%	4	24,8	4	26,3	-5,4%
Banif Capital - SCR, SA	3,7%	0,2%	5,4%	3	28,9	3	10,6	174,2%
TC Turismo Capital - SCR, SA	2,5%	0,7%	3,3%	2	26,5	2	29,9	-11,3%
Inter Risco - SCR, SA (new)	1,8%	0,1%	2,5%	2	20,3	0	-	-
BCP Capital - SCR, SA	1,3%	3,4%	0,3%	1	4,8	1	6,0	-18,7%
BPI PE, SCR (ex. Inter Risco - SCR) (new desig.)	1,1%	3,4%	0,0%	0	-	1	32,8	-
BPN Gestão de Activos - SGFIM, SA	0,9%	0,0%	1,4%	1	22,0	1	22,4	-2,0%
Change Partners - SCR, SA	0,7%	0,7%	0,7%	2	5,8	2	7,2	-18,9%
Agrocapital - SCR, SA	0,7%	0,1%	0,9%	1	15,2	1	15,2	-0,1%
Banco Efisa, SA	0,5%	0,0%	0,7%	1	11,6	1	13,3	-12,4%
ISQ - SCR, SA	0,4%	0,0%	0,6%	2	4,9	2	5,5	-11,8%
FamiGeste - SCR, S.A.	0,3%	1,0%	0,0%	0	-	0	-	-
Novabase Capital - SCR, SA	0,3%	0,2%	0,3%	1	4,9	1	5,5	-11,3%
Beta - SCR, SA	0,2%	0,4%	0,1%	1	1,5	1	2,0	-21,8%
PATRIS Capital - SCR, SA	0,1%	0,0%	0,2%	1	2,9	1	0,0	-
Caixa Central de Crédito Agrícola Mútuo, CRL	0,1%	0,0%	0,2%	1	2,7	1	5,0	-45,3%
Drive - SCR, SA	0,1%	0,3%	0,0%	0	-	0	-	-
Naves - SCR, SA	0,1%	0,2%	0,0%	0	-	0	-	-
ONETIER PARTNERS SCR (Eg. Big Capital)	0,0%	0,1%	0,0%	1	0,1	1	0,5	-80,2%
2BPARTNER - SCR, SA	0,0%	0,1%	0,0%	0	-	0	-	-
Enotum Capital - SCR, SA	0,0%	0,0%	0,0%	0	-	0	-	-
Centro Venture - SCR, SA	0,0%	0,0%	0,0%	0	-	0	-	-
Critical Ventures - Sociedade de Capital de Risco, SA	0,0%	0,0%	0,0%	0	-	0	-	-
Total	100,00%	100,00%	100,00%	51	31,5	50	19,8	59,0%

Source: CMVM

Table 3 - Amounts Under Management per Type of Investment (31/12/2010)

Unit: 10⁶ Euro

	VCC	Δ 2010/2009	VCF	Δ 2010/2009	Total	Δ 2010/2009
No. of Holdings ⁽¹⁾	130	-1,5%	501	12,6%	631	9,4%
<i>In Resident Companies</i>	106	-4,5%	459	13,6%	565	9,7%
<i>In non-resident companies</i>	24	14,3%	42	2,4%	66	6,5%
Value of Investments	673,3	0,0%	1.421,6	32,9%	2.094,8	20,2%
Holdings in share capital (listed)	16,8	62,7%	35,5	4,7%	52,3	18,3%
<i>In Resident Companies</i>	10,3	-0,4%	29,4	40,1%	39,7	26,8%
<i>In non-resident companies ⁽³⁾</i>	6,5	n.a.	6,1	-53,0%	12,6	-2,4%
Holdings in share capital (unlisted)	554,4	-1,3%	762,8	11,6%	1.317,2	5,8%
<i>In Resident Companies</i>	45,7	-24,5%	597,6	8,8%	643,3	5,5%
<i>In non-resident companies</i>	508,7	1,6%	165,2	22,8%	673,9	6,1%
Other fundings	25,6	14,6%	616,5	78,9%	642,1	75,0%
<i>In Resident Companies</i>	15,1	10,7%	595,7	82,5%	610,8	79,6%
<i>In non-resident companies</i>	10,5	20,9%	20,8	15,3%	31,3	17,1%
Investment in VCF's HU	76,4	-3,6%	6,8	-7,8%	83,2	-4,0%
Deposits and Other Net Assets assigned to VC	70,5	10,1%	189,4	18,0%	259,9	15,8%
Capital subscribed and not paid-in	n.a.	n.a.	0,0	-100,0%	0,0	-100,0%
Others ⁽²⁾	n.a.	n.a.	-3,3	-91,2%	-3,3	-91,2%
Total	743,8	0,9%	1.607,7	-32,2%	2.351,5	-24,3%

⁽¹⁾ only includes investments in share capital and VCF's holding units (21 in VCC and 4 in VCF).

⁽²⁾ other assets allocated to investment in venture capital, including loans.

⁽³⁾ The value of investment in share capital of non-resident companies (about €6.5 M) in 2010 increased by 65,192.3754%, against the hundreds of euros invested in 2009.

Source: CMVM

Table 4 - Amount under Management per Type of Investment and Country (31/12/2010)

Unit: 10³ Euro

	VCC	VCF	Total	%
Investment Total	673.259,1	1.391.681,1	2.064.940,1	100,0
Holding in listed companies	16.826,5	35.499,7	52.326,1	2,5
Resident Companies	10.307,1	29.431,4	39.738,5	1,9
Non-Resident Companies	6.519,3	6.068,3	12.587,6	0,6
Spain	0,1	5.291,1	5.291,2	0,3
United States	0,0	777,2	777,2	0,0
Brazil	6.519,3	0,0	6.519,3	0,3
Holdings in Non-Listed companies	554.443,2	762.784,1	1.317.227,4	63,8
Resident Companies	45.708,9	597.618,4	643.327,3	31,2
Non-Resident Companies	508.734,4	165.165,7	673.900,1	32,6
Spain	11.825,1	23.929,0	35.754,1	1,7
France	101,6	3.169,2	3.270,7	0,2
United Kingdom	494.371,1	4.347,3	498.718,4	24,2
Netherlands	0,0	5.000,0	5.000,0	0,2
United States	449,1	54.274,2	54.723,3	2,7
Brazil	0,0	19.007,6	19.007,6	0,9
Luxemburg	1.987,5	46.126,7	48.114,2	2,3
Austria	0,0	9.087,4	9.087,4	0,4
Czech Republic	0,0	224,5	224,5	0,0
Other Investments	101.989,4	593.397,3	695.386,6	33,7

Source: CMVM

Table 5 - Affiliate Company Activity Sectors (31/12/2010)

Unit: 10⁶ Euro

Activity Sectors	VCC			VCF			Total		
	No. of Holdings (1)	Value	%	No. of Holdings (1)	Value	%	No. of Holdings (1)	Value	%
Agriculture, livestock, hunting, forestry and fishing	4	0,7	0,1	11	30,0	2,1	15	30,7	1,5
Extractive industries	0	0,0	0,0	0	0,0	0,0	0	0,0	0,0
Manufacturing industry	31	38,3	5,7	195	283,0	19,9	226	321,3	15,3
Electricity, gas, steam, hot and cold water, and air conditioning	3	0,1	0,0	17	139,6	9,8	20	139,8	6,7
Water Collection, treatment and supply; sewerage, waste management and remediation	3	318,0	47,2	7	46,8	3,3	10	364,7	17,4
Construction	3	10,0	1,5	11	20,4	1,4	14	30,5	1,5
Wholesale and retail trade; repair of motor vehicles and motorcycles	10	4,4	0,6	77	27,9	2,0	87	32,3	1,5
Transportation and storage	1	185,8	27,6	5	26,3	1,9	6	212,1	10,1
Accommodation, Food Service and similar	16	4,9	0,7	38	83,6	5,9	54	88,5	4,2
Information and communication activities	13	1,2	0,2	100	54,5	3,8	113	55,6	2,7
Financial and insurance activities	42	93,6	13,9	140	389,6	27,4	182	483,2	23,1
Real Estate activities	17	6,9	1,0	6	27,4	1,9	23	34,3	1,6
Professional, scientific and technical activities	28	5,3	0,8	155	161,8	11,4	183	167,2	8,0
Administrative and Support Service Activities	10	1,3	0,2	38	105,1	7,4	48	106,3	5,1
Public Administration and Defence; Mandatory social Security Contributions	0	0,0	0,0	0	0,0	0,0	0	0,0	0,0
Education	2	0,2	0,0	1	0,0	0,0	3	0,2	0,0
Human Health and social support activities	5	1,9	0,3	8	13,0	0,9	13	14,9	0,7
Arts, entertainment, sports and recreation activities	3	0,8	0,1	14	12,0	0,8	17	12,7	0,6
Agriculture, livestock, hunting, forestry and fishing	0	0,0	0,0	3	0,5	0,0	3	0,5	0,0
Activities of families who employ domestic workers and production activities of families for their own usage	0	0,0	0,0	0	0,0	0,0	0	0,0	0,0
International organizations and other extraterritorial institutions	0	0,0	0,0	0	0,0	0,0	0	0,0	0,0
Total	191	673,3	100,0	826	1.421,6	100,0	1.017	2.094,8	100,0

(1) Includes holdings of share capital and other fundings.

Source: CMVM

Table 6 - Venture Capital Investment by Injection Stages in Companies (31/12/2010)

Unit: 10⁶ Euro

Investment Stages	VCC			VCF			Total		
	No. of Holdings ⁽¹⁾	Value	%	No. of Holdings ⁽¹⁾	Value	%	No. of Holdings ⁽¹⁾	Value	%
Venture Capital	78	39,7	5,9	407	302,2	21,3	485	341,9	16,3
Seed Capital	4	0,2	0,0	25	17,1	1,2	29	17,4	0,8
Start-up	46	36,2	5,4	338	226,8	16,0	384	263,0	12,6
Early stage	28	3,3	0,5	44	58,3	4,1	72	61,6	2,9
Private Equity	113	633,6	94,1	419	1.119,4	78,7	532	1.752,9	83,7
Expansion	37	536,6	79,7	213	296,6	20,9	250	833,2	39,8
Replacement capital	17	20,1	3,0	40	279,2	19,6	57	299,3	14,3
Turnaround	5	0,0	0,0	58	175,4	12,3	63	175,4	8,4
Refinance bank debt	0	0,0	0,0	20	48,2	3,4	20	48,2	2,3
Management buy-out	16	16,0	2,4	57	190,2	13,4	73	206,1	9,8
Management buy-in	0	0,0	0,0	12	67,5	4,7	12	67,5	3,2
Others	38	60,9	9,0	19	62,4	4,4	57	123,3	5,9
Total	191	673,3	100,0	826	1.421,6	100,0	1.017	2.094,8	100,0

(1) Includes holdings of share capital and other fundings.

Source: CMVM

Table 7 - Transactions and Portfolio Turnover (31/12/2010)

Unit: 10⁶ Euro

	VCC	VCF	Total
Purchases	25,4	158,8	184,2
Disposals	30,3	50,9	81,2
Net Investment	-4,9	107,9	103,0
Value of Transactions	55,7	209,8	265,4
Portfolios Turnover	7,5%	17,6%	13,8%

Source: CMVM

Table 8 - Value of Transactions per Investment Stage

Unit: 10³ Euro

Investment Stage	VCC				VCF				Total			
	Purchases	Disposals	Net Invest.	No. of Trans.	Purchases	Disposals	Net Invest.	No. of Trans.	Purchases	Disposals	Net Invest.	No. of Trans.
Start-up	2.374,8	591,6	1.783,2	22	79.949,6	3.348,5	76.601,1	80	82.324,4	3.940,1	78.384,3	102
Others	4.248,0	7.546,5	-3.298,5	9	19.113,9	998,9	18.114,9	16	23.361,9	8.545,5	14.816,4	25
Early-stage	0,0	0,0	0,0	1	8.468,4	49,6	8.418,8	15	8.468,4	49,6	8.418,8	16
Refinance bank debt	0,0	0,0	0,0	0	6.660,1	0,0	6.660,1	9	6.660,1	0,0	6.660,1	9
Replacement capital	7.446,4	563,6	6.882,8	16	5.984,9	7.823,0	-1.838,1	10	13.431,3	8.386,6	5.044,7	26
Turnaround	0,0	0,0	0,0	0	10.948,2	6.230,8	4.717,4	21	10.948,2	6.230,8	4.717,4	21
Management-buy-in	0,0	0,0	0,0	0	603,0	0,1	602,9	3	603,0	0,1	602,9	3
Expansion	11.315,1	15.920,3	-4.605,1	6	26.355,9	23.256,0	3.100,0	46	37.671,1	39.176,2	-1.505,2	52
Seed Capital	0,0	0,0	0,0	0	220,0	5.506,6	-5.286,6	6	220,0	5.506,6	-5.286,6	6
Management buy-out	0,0	5.659,2	-5.659,2	1	536,3	3.712,2	-3.175,8	7	536,3	9.371,4	-8.835,1	8
Total	25.384,3	30.281,2	-4.896,9	55	158.840,4	50.925,6	107.914,7	213	184.224,7	81.206,9	103.017,8	268

Source: CMVM

Table 9 - Percentage of Share Capital held in Affiliate Companies (2010)

Capital Held %	VCC			VCF			Total		
	No. of Holdings	Holdings %	Value %	No. of Holdings	Holdings %	Value %	No. of Holdings	Holdings %	Value %
[0-10[	49	45,4	39,1	101	20,3	22,4	150	24,8	29,4
[10-20[	18	16,7	2,4	111	22,3	34,7	129	21,3	21,2
[20-30[	14	13,0	1,3	80	16,1	14,2	94	15,5	8,8
[30-40[	6	5,6	19,5	56	11,3	18,9	62	10,2	19,2
[40-50[	7	6,5	0,2	54	10,9	2,1	61	10,1	1,3
[50-60[	6	5,6	36,2	19	3,8	2,6	25	4,1	16,6
[60-70[	2	1,9	0,8	13	2,6	0,6	15	2,5	0,7
[70-80[	1	0,9	0,1	12	2,4	0,2	13	2,1	0,1
[80-90[	2	1,9	0,0	10	2,0	0,8	12	2,0	0,5
[90-100]	3	2,8	0,4	41	8,2	3,6	44	7,3	2,2
Total	108	100,0	100,0	497	100,0	100,0	605	100,0	100,0

Source: CMVM

Table 10 - Duration of Share Capital Holdings

Holding period (years)	VCC			VCF			Total		
	No. of Holdings	Holdings %	Value %	No. of Holdings	Holdings %	Value %	No. of Holdings	Holdings %	Value %
[0-2[	28	25,9	93,1	167	33,6	50,2	195	32,2	68,1
[2-4[	15	13,9	1,2	159	32,0	28,7	174	28,8	17,2
[4-6[	18	16,7	1,8	98	19,7	11,6	116	19,2	7,5
[6-8[	15	13,9	1,4	31	6,2	2,5	46	7,6	2,0
[8-10[	12	11,1	0,2	21	4,2	1,4	33	5,5	0,9
>=10	20	18,5	2,3	21	4,2	5,6	41	6,8	4,2
Total	108	1,0	100,0	497	100,0	100,0	605	1,0	100,0

Source: CMVM

Table 11 - Venture Capital Divestment Strategy

Unit: 10³ Euro

	VCC			VCF					
	No. of Transactions	Sales Price	% ⁽¹⁾	No. of Transactions	Sales Price	% ⁽¹⁾	No. of Transactions	Sales Price	% ⁽¹⁾
Forward sales Contract	0	0,0	0,0	1	1.300,8	2,6	1	1.300,8	1,6
Repurchase (by management team or shareholders)	10	6.923,8	22,9	24	34.043,9	66,9	34	40.967,7	50,4
Sale to third parties	13	23.333,5	77,1	27	14.768,7	29,0	40	38.102,2	46,9
IPO	0	0,0	0,0	0	0,0	0,0	0	0,0	0,0
Undefined	1	20,1	0,1	9	806,6	1,6	10	826,7	1,0
Write off ⁽²⁾	5	3,9	0,0	9	5,6	0,0	14	9,5	0,0
Total	29	30.281,2	100,0	70	50.925,6	100,0	99	81.206,9	100,0

⁽¹⁾ Percentage over the total amount of reported disposals during 2010 (VCC + VCF).

⁽²⁾ Here are included the operations which, while having a transaction price, were carried forward as a disinvestment via write-off, and those not identified as such had transaction values inferior or equal to EUR 3.

Source: CMVM

Table 12 - Investment Stage of Venture Capital Divestment

Unit: EUR

Investment Stage	VCC			VCF			Total		
	No. of Transactions	Sales Price	%	No. of Transactions	Sales Price	%	No. of Transactions	Sales Price	%
Seed Capital	0	0,0	0,0	3	3.301.956,4	34,5	3	3.301.956,4	33,9
Start-up	22	36.802,7	20,1	24	-1.175.804,7	-12,3	46	-1.139.002,0	-11,7
Early-stage	1	-269.998,5	-147,6	1	0,0	0,0	2	-269.998,5	-2,8
Expansion	6	60.201,4	32,9	26	6.259.448,7	65,4	32	6.319.650,1	64,8
Replacement capital	16	-35.657,6	-19,5	6	-23.764,6	-0,2	22	-59.422,2	-0,6
Turnaround	0	0,0	0,0	6	1.031.080,0	10,8	6	1.031.080,0	10,6
Refin. bank debt	0	0,0	0,0	0	0,0	0,0	0	0,0	0,0
Management buy-out	1	18,3	0,0	2	-933,3	0,0	3	-915,0	0,0
Management-buy-in	0	0,0	0,0	1	0,0	0,0	1	0,0	0,0
Others	9	391.592,3	214,0	1	178.118,4	1,9	10	569.710,7	5,8
Total	55	182.958,7	100,0	70	9.570.100,9	100,0	125	9.753.059,6	100,0

Source: CMVM (Information on 1st and 2nd Half)

Table 13 - Type of Binding in Contractualized Forward Transactions (2010)

Unit: 10³ Euro

Type of Binding	VCC		VCF		Total	
	No. of Operations	Valuation in Portfolio	No. of Operations	Valuation in Portfolio	No. of Operations	Valuation in Portfolio
European option (at maturity)	10	255,6	96	11.965,1	106	12.220,7
American option (at any time)	9	74,0	177	2.821,7	186	2.895,7
Other options	6	-58,6	63	66.218,2	69	66.159,5
Obligation (future/forward)	30	703,9	124	14.227,7	154	14.931,7
Total	55	974,9	460	95.232,7	515	96.207,6

Source: CMVM

Table 14 - Criteria for the Pricing of Contractualized Forward Transactions

Unit: 10³ Euro

Criteria	VCC		VCF		Total	
	No. of Contracts	Valuation in Portfolio	No. of Contracts	Valuation in Portfolio	No. of Contracts	Valuation in Portfolio
Multiple	0	0,0	2	0,0	2	0,0
Market value	0	0,0	8	188,2	8	188,2
Valuation	33	691,0	276	2.731,3	309	3.422,3
Indexed to the performance of the company, with defined min and max	2	87,0	5	4.597,5	7	4.684,5
Indexed to the performance of the company	4	-58,6	5	-5,5	9	-64,1
Capitalization of the purchase price (indexed to Euribor)	6	45,4	25	40.860,6	31	40.905,9
Purchase price	0	0,0	0	0,0	0	0,0
Fixed price	3	210,2	27	28.696,6	30	28.906,8
Fixed annual valuation	0	0,0	2	17.042,9	2	17.042,9
Contract (defines calculation model)	7	0,0	108	1.121,1	115	1.121,1
Indexed to received benefits	0	0,0	0	0,0	0	0,0
Missing, unidentified.	0	0,0	2	0,0	2	0,0
Total	55	974,9	460	95.232,7	515	96.207,6

Source: CMVM

Table 15 - Criteria for the Pricing of Contractualized Forward Transactions (details)

Unit: 10³ Euro

Criteria	VCC					VCF					Total	
	No. of contracts		Valuation in Portfolio			No. of contracts		Valuation in Portfolio			No. of contracts	Valuation in Portfolio
	P	S	P	S	Total	P	S	P	S	Total		
Multiple	0	0	0,0	0,0	0,0	1	1	0,0	0,0	0,0	2	0,0
Market value	0	0	0,0	0,0	0,0	1	1	13,7	174,5	188,2	2	188,2
<i>undefined value</i>	0	0	0,0	0,0	0,0	0	6	0,0	0,0	0,0	6	0,0
Valuation	0	21	0,0	691,0	691,0	5	69	-172,8	2.904,2	2.731,3	95	3.422,3
<i>undefined value</i>	0	12	0,0	0,0	0,0	77	125	0,0	0,0	0,0	214	0,0
Indexed to the performance of the company, with defined min and max	0	1	0,0	87,0	87,0	0	2	0,0	4.597,5	4.597,5	3	4.684,5
<i>undefined value</i>	0	1	0,0	0,0	0,0	0	3	0,0	0,0	0,0	4	0,0
Indexed to the performance of the company	0	3	0,0	-58,6	-58,6	0	1	0,0	-5,5	-5,5	4	-64,1
<i>undefined value</i>	0	1	0,0	0,0	0,0	0	4	0,0	0,0	0,0	5	0,0
Capitalization of the purchase price (indexed to Euribor)	0	1	0,0	45,4	45,4	0	9	0,0	40.860,6	40.860,6	10	40.905,9
<i>undefined value</i>	0	5	0,0	0,0	0,0	0	16	0,0	0,0	0,0	21	0,0
Purchase price	0	0	0,0	0,0	0,0	0	0	0,0	0,0	0,0	0	0,0
Fixed price	0	2	0,0	210,2	210,2	8	8	20.880,8	7.815,8	28.696,6	18	28.906,8
<i>undefined value</i>	0	1	0,0	0,0	0,0	3	8	0,0	0,0	0,0	12	0,0
Fixed annual valuation	0	0	0,0	0,0	0,0	0	2	0,0	17.042,9	17.042,9	2	17.042,9
Contract (defines calculation model)	0	0	0,0	0,0	0,0	2	37	1.033,3	87,7	1.121,1	39	1.121,1
<i>undefined value</i>	2	5	0,0	0,0	0,0	9	60	0,0	0,0	0,0	76	0,0
Indexed to received benefits	0	0	0,0	0,0	0,0	0	0	0,0	0,0	0,0	0	0,0
Missing, unidentified.	0	0	0,0	0,0	0,0	0	2	0,0	0,0	0,0	2	0,0
Total	2	53	0,0	974,9	974,9	106	354	21.755,1	93.993,4	95.232,7	515	96.207,6

Total Number of Contracts with defined value	0	28
% against total contracts	0,0%	50,9%

17	132
3,7%	28,7%

177
34,4%

Source: CMVM

Table 16 - Assessment Methodologies for Investments

Unit: 10³ Euro

Valuation Methodology	VCC				VCF				Total			
	Valuation		Holdings ⁽¹⁾		Valuation		Holdings ⁽¹⁾		Valuation		Holdings ⁽¹⁾	
	Amount	%	No.	%	Amount	%	No.	%	Amount	%	No.	%
Purchase price	7.225,15	1,1	15	7,9	352.716,85	24,8	149	18,0	359.942,00	17,2	164	16,1
Market price	6.789,92	1,0	2	1,0	43.982,77	3,1	32	3,9	50.772,69	2,4	34	3,3
Relevant transactions	323,09	0,0	3	1,6	83.225,68	5,9	36	4,4	83.548,77	4,0	39	3,8
Multiple	12.578,32	1,9	7	3,7	269.129,53	18,9	68	8,2	281.707,85	13,4	75	7,4
Discounted Cash Flows (DCF)	545.549,93	81,0	101	52,9	472.014,99	33,2	477	57,7	1.017.564,92	48,6	578	56,8
NAV	77.397,61	11,5	22	11,5	19.199,86	1,4	7	0,8	96.597,48	4,6	29	2,9
Purchase price (discount factor)	0,00	0,0	0	0,0	0,00	0,0	0	0,0	0,00	0,0	0	0,0
Market price (discount factor)	109,19	0,0	2	1,0	691,15	0,0	1	0,1	800,34	0,0	3	0,3
Relevant transactions (discount factor)	0,00	0,0	0	0,0	675,00	0,0	1	0,1	675,00	0,0	1	0,1
Multiple (discount factor)	12.678,74	1,9	3	1,6	40.061,58	2,8	8	1,0	52.740,32	2,5	11	1,1
Discounted cash flow (DCF) (discount factor)	10.607,11	1,6	32	16,8	139.874,96	9,8	47	5,7	150.482,07	7,2	79	7,8
Others ⁽²⁾	0,00	0,0	4	2,1	0,00	0,0	0	0,0	0,00	0,0	4	0,4
Total	673.259,06	100,0	191	100,0	1.421.572,36	100,0	826	100,0	2.094.831,42	100,0	1.017	100,0

⁽¹⁾ Includes holdings of share capital and other funding.

⁽²⁾ Valuation criteria wrongfully reported.

Source: CMVM

Table 17 - Potential Capital Gains in Portfolio - Venture Capital Company (VCC) and Venture Capital Fund (VCF)

Unit: 10³ Euro

Valuation Methodology	Potential Capital gains		
	VCC	VCF	Total
Purchase price	0,0	4.138,7	4.138,7
Market price	-315,3	-51.228,4	-51.543,8
Relevant transactions	49,7	2.479,1	2.528,8
Multiple	3.249,7	87.396,4	90.646,1
Discounted Cash Flows (DCF)	19.018,0	-90.058,1	-71.040,1
NAV	778,0	11,9	789,9
Purchase price (discount factor)	0,0	0,0	0,0
Market price (discount factor)	107,0	12,3	119,4
Relevant transactions (discount factor)	0,0	-75,0	-75,0
Multiple (discount factor)	5.578,4	819,8	6.398,2
Discounted cash flow (DCF) (discount factor)	4.668,4	-23.703,8	-19.035,4
Others ⁽¹⁾	-4.548,1	0,0	-4.548,1
Total	28.585,8	-70.207,2	-41.621,4

⁽¹⁾ Valuation criteria wrongfully reported.

Source: CMVM