



# New Jersey Innovation Evergreen Fund

Introduction and Investment  
Program Overview  
January 2023

# About the New Jersey ECONOMIC RECOVERY ACT

Governor Phil Murphy signed the New Jersey Economic Recovery Act of 2020 (ERA) into law on January 7, 2021.

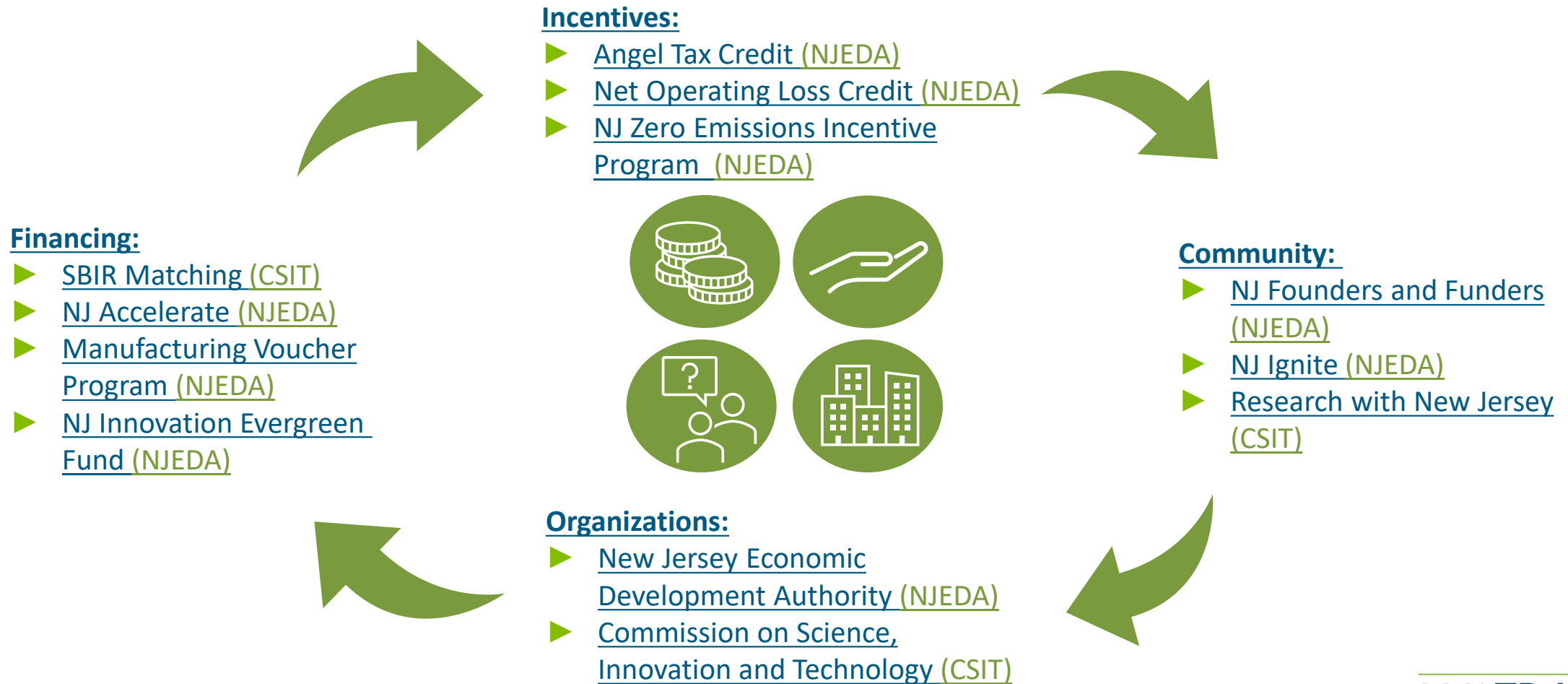
The ERA creates a package of tax incentive, financing, and grant programs that will build a stronger, fairer New Jersey economy.

The New Jersey Innovation Evergreen Fund, created out of the ERA is built to foster an ecosystem of innovation and investment in early-stage businesses as a component of economic development. In exchange for tax credits, the Fund will receive capital from the tax credit purchasers along with strategic commitments to support early-stage businesses and the innovation ecosystem in the State. The Fund will serve as a source of capital to co-invest with qualified professional venture capital investment firms in early-stage businesses based in New Jersey, helping to foster innovation in the State.

Visit the NJEDA's website at [www.njeda.com/economicrecoveryact](http://www.njeda.com/economicrecoveryact) to learn more about each of the programs within the ERA, or to provide general ERA feedback.

# Lifecycle Support

The State of New Jersey **catalyzes investment** via a **continuum of support** throughout the lifecycle of startups. NJ Innovation Evergreen is one example of the many supportive programs available in the State.



# Globally, investors recognize strong value in New Jersey startups...

Educated workforce, attractive valuations, tremendous outcomes!

INVESTMENTS IN NJ WERE  
MADE UP OF

**344**  
INVESTORS

ACROSS

**13**  
COUNTRIES

AND

**26**  
STATES

**97% OF INVESTORS FROM  
OUTSIDE  
OF NEW JERSEY**

State	Median Valuation	VC Funding (Series A-E)	Total Exit Value 2022	Annual \$ Multiple of Exits vs. Funding
<b>New Jersey</b>	<b>\$ 24.0 M</b>	<b>\$ 2.35 B</b>	<b>\$ 36.2 B</b>	<b>15.4x</b>
California	\$ 50.0 M	\$ 108.2 B	\$ 196.8 B	1.8x
New York	\$ 31.1 M	\$ 29.6 B	\$ 119.5 B	4.0x
Massachusetts	\$ 44.2 M	\$ 22.0 B	\$ 70.2 B	3.2x
Texas	\$ 24.2 M	\$ 10.5 B	\$ 90.7 B	8.6x

# Investors are doubling down in NJ's targeted industries since the start of the Murphy Administration in 2018



Cross River Bank **raised \$620M (2022)** in Series D funding from investors including, Andreessen Horowitz, Eldridge, and more.

## *Own*{backup}

Developer of cloud data protection platform. **Raised \$240M (2021)** in Series E funding from investors including Insight Partners, Salesforce Ventures, and more.

## Misfits Market

**Raised \$225M (2021)** in Series C funding from investors including Accel, D1 Capital Partners, and more.



TRANZACT

Provider of sales and marketing services for insurance companies. Investors included CD&R and Ares Capital. **Acquired by Willis Towers Watson for \$1.3B (2019).**

## Immunomedics

Global commercial biopharmaceutical company. Investors included New Enterprise Associates and Foresite Capital Management. **Acquired by Gilead for \$20.6B (2020).**

## DRIVE WEALTH

Emerging investor trading platform **raised \$450M** in venture funding from Insight Partners and Accel (2021).

# New Jersey Continues to Attract Venture Funding from Global Investors



**Areteia Therapeutics raised \$350M (2022)** in Series A funding from investors based in New York, Illinois, Massachusetts, California, Texas, and France (*Bain Capital, Maverick Capital*)



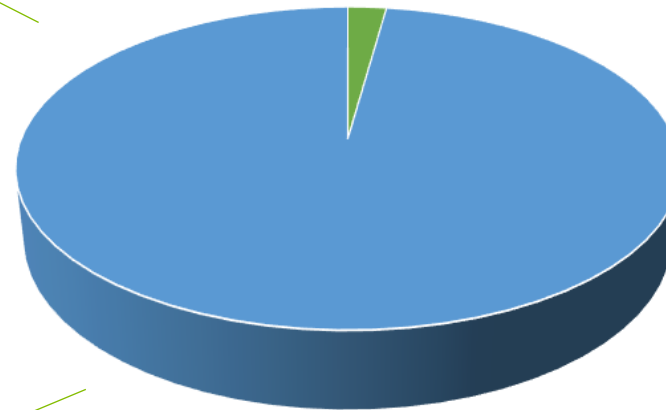
**Zebedee raised \$35M (2022)** in Series B funding from investors based in the United Kingdom, Switzerland, Japan, New York, and Massachusetts (*Initial Capital, Lakestar, Square Enix Holdings*)



**Semperis raised \$208M (2022)** in Series C funding from investors based in North Carolina, New York, Washington DC, and California (*KKR, Ten Eleven, Insight Partners*)

*This funding round represents a valuation step-up of 4.6x the company's valuation in previous rounds*

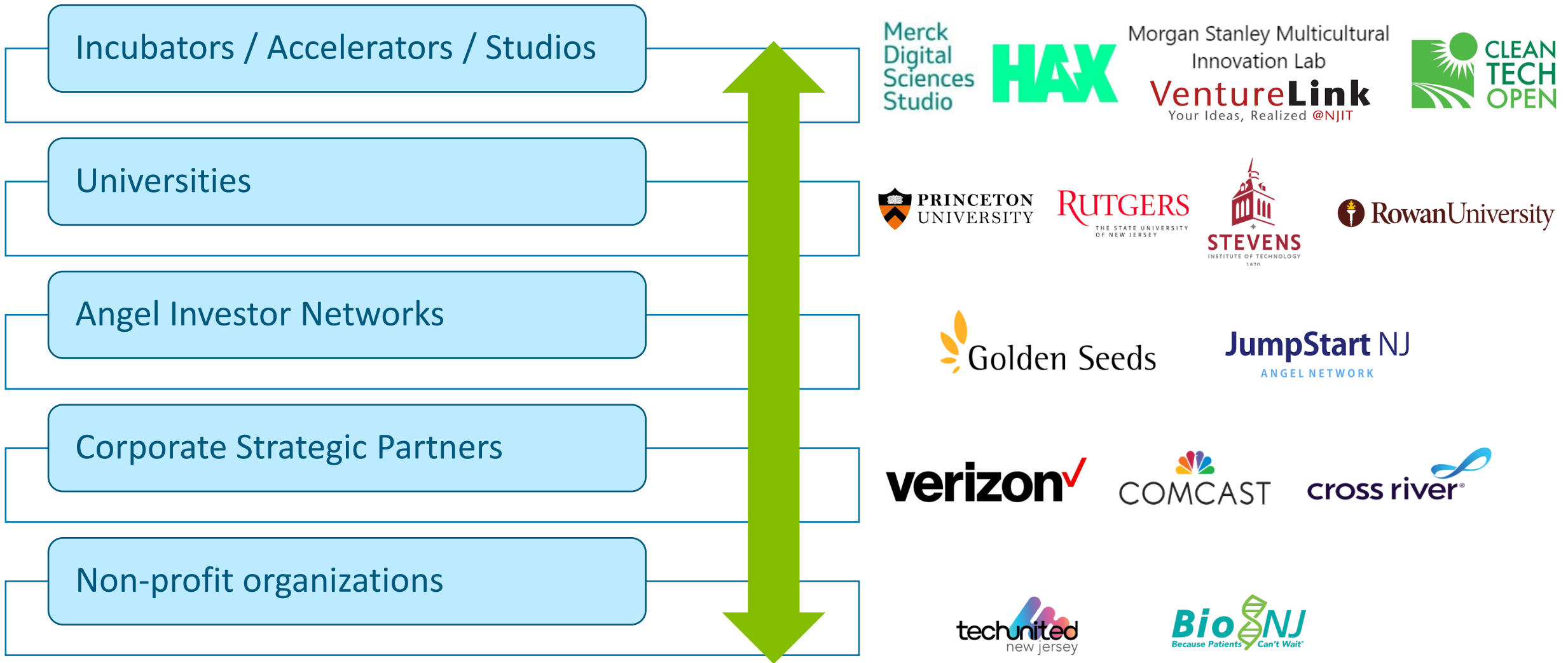
VC investors in NJ Companies



■ NJ investment ■ Outside investment

**97% of all deals done in NJ in 2022 had some involvement from out-of-state investors**

# Sample Innovation Ecosystem Partners



\*Non-comprehensive referral list, please contact NJEDA for a complete list



## NJ Innovation Ecosystem Continues Strong Growth – Existing Partner Feedback



The HAX story, which started nine years ago in Shenzhen, is about to start a remarkable new chapter. SOSV has announced that **HAX will build a state-of-the-art new facility in Newark, New Jersey, ...** SOSV's partner in the five-year, \$50 million project is the New Jersey Economic Development Authority

“Governor Murphy's vision for innovation and commercialization works hand in glove with HAX's strategy of igniting an industrial renaissance for the United States.” Sean O’Sullivan, SOSV Founder



“**New Jersey has tremendous advantages as a home for early-stage companies.** As the most densely-populated state providing a range of business and living communities and nestled next to New York and Philadelphia, there is great talent and opportunity to work with leaders in almost every industry sector.” Jim Gunton, Managing Partner



“New Jersey has a long history of innovation and entrepreneurship, with many important contributions coming from women. **We are thrilled to open our New Jersey chapter.**” Joan Zief, Deal Director

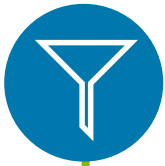


“NJEDA has been a great partner to Edison portfolio companies and the NJ technology community as a whole. **Our companies take part in many incentive programs offered by the EDA.**” Chris Sugden, Managing Partner



## Merits of NJIEF

The New Jersey Innovation Evergreen Fund allows Qualified Venture Funds to ...



### IDENTIFY UNIQUE DEAL FLOW

Strengthen your competitive edge as NJEDA receives in-bound funding requests via a rich stream of conversations and interactions with entrepreneurs across the state. Leverage industry sector groups to gain referrals and close more deals.



### EARN FULL FEES AND CARRY ON CO-INVESTMENT CAPITAL

Gain a dedicated investment partner with a demonstrated capability to execute co-investments, while realizing the same fee structure of your co-mingled funds.



### CONNECT VISIONARIES, RESEARCHERS, STRATEGIC PARTNERS AND COMMUNITY STAKEHOLDERS

Forge new relationships with entrepreneurs, researchers, universities, corporates and other NJ ecosystem enablers, multiplying the resources available to high growth New Jersey businesses.

**INNOVATION CAN OCCUR ANYWHERE, BUT IT MAY HAVE THE GREATEST CHANCE OF SUCCESS WHEN BORN AND FOSTERED WITH THE COLLABORATION OF INTERESTED PARTNERS.**

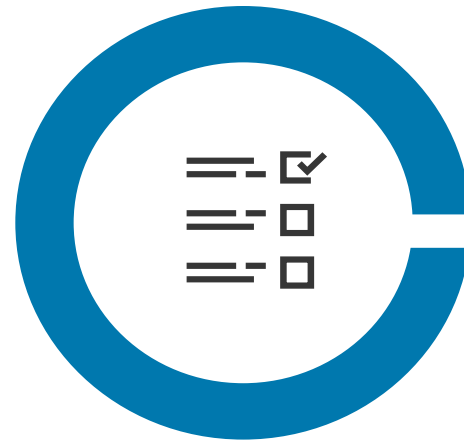
# Key Features of the New Jersey Innovation Evergreen Fund (NJIEF)



## STEP 1

### RAISE \$300M TO CAPITALIZE THE NJIEF

- Public money, raised through annual tax credit auctions
- Up to 25% discount on tax credits
- Ecosystem engagement through strategic commitment and advisory board participation



## STEP 2

### ONBOARD VENTURE CAPITAL FUNDS

- NJEDA partners with institutional investors to be formally approved for access to NJIEF capital.
- NJIEF will be matched by private funds 1:1, projecting investment = >\$600M



## STEP 3

### QUALIFY INVESTMENTS

- Once qualified, a venture firm can access up to \$12.5M per year in matching funds for NJ co-investment opportunities
- Full management fee and carried interest paid

\$41M raised in 2022

Application Open

Application opens Q1 2023

# NJIEF Advisory Board Participant Support for New Jersey’s Innovation Ecosystem

Fueled by the 2022 tax credit auction sale: 8 global strategic partners and \$41 million of co-investment capital



\$750,000 in direct funding to support startup incubation through the Better Future Labs, executive mentorship hours to founders, office space for events and co-working offices, and direct marketing



\$1,000,000 in grant funding to NJ innovation ecosystem organizations



Launch an executive mentorship program for low-income and underrepresented startup founders



P-TECH program, helping students in the New Brunswick Public School District to graduate with both a HS diploma and post-secondary STEM degree at no cost



Hire four paid PhD fellows from NJ schools through fellowship program



MBA consulting course on innovation topic at Rutgers's Business School



Host innovation ecosystem event for automotive and mobility industries in NJ

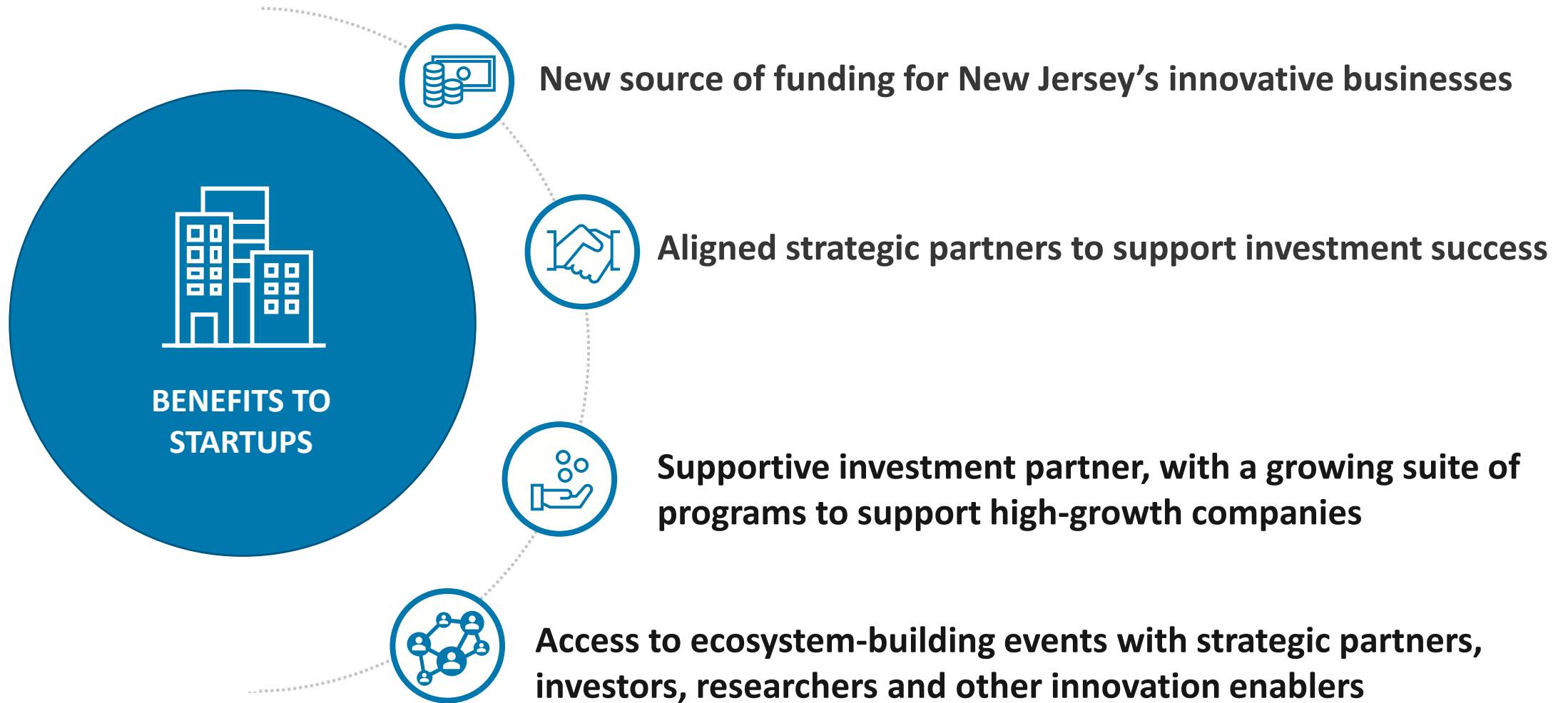


\$90,000 to three NJ innovation ecosystem organizations

Transportation Solutions

**\$3.8M of strategic commitments represent leading corporations’ efforts to support New Jersey’s innovation ecosystem.**

# Benefits to High Growth, Innovative Start-ups



## Qualified Investments in NJ Companies

Firms will have access to Innovation Evergreen co-investment capital for up to two (2) qualified investments each calendar year into new high-growth businesses.

- **Qualified Investments must be made in one of the following industries:**
  - Advanced transportation and logistics
  - Advanced manufacturing
  - Aviation
  - Autonomous and zero-emission vehicle R&D
  - Clean energy
  - Film and digital media
  - Finance and Insurance
  - Hemp processing
  - Information and high technology
  - Life Sciences
  - Non-Retail food and beverage
  - Other disruptive industries
  - Professional services

UP TO  
**\$6.25M**  
per initial  
investment\*

*\*Initial investment cap is extended to \$6.25M for qualifying businesses certified by the state as women- or minority-owned; use intellectual property developed at a NJ university at the core of their business model; or NJ university spin-off businesses.*

## What are High-Growth Businesses?



Revenue Growth y-o-y: 25% +

Customer Growth y-o-y: 25% +

Valuation from Prior Round: 25% +

Investments meeting any of these metrics demonstrate a high-growth business under Program guidelines

For businesses with less than one year of revenues and customers that are raising third-party equity capital for the first time, the NJEDA may accept the firm's forward-looking projections for revenue, customer, or valuation growth.

## Ongoing Compliance for Qualified Businesses

Qualified Businesses that receive program investment capital must agree to remain in New Jersey for the life of the investment.



➤ **Must maintain a place of business in New Jersey**

**&**

➤ **Annually, must meet 1 of the following 4 requirements:**

- ❖ At least 50% of full-time employees live or work in State
- ❖ At least 50% of wages paid to full-time employees living or working in State

Recapture at greater of cost or fair market value if qualified business leaves the State before the end of the compliance period, with 12-month grace period.

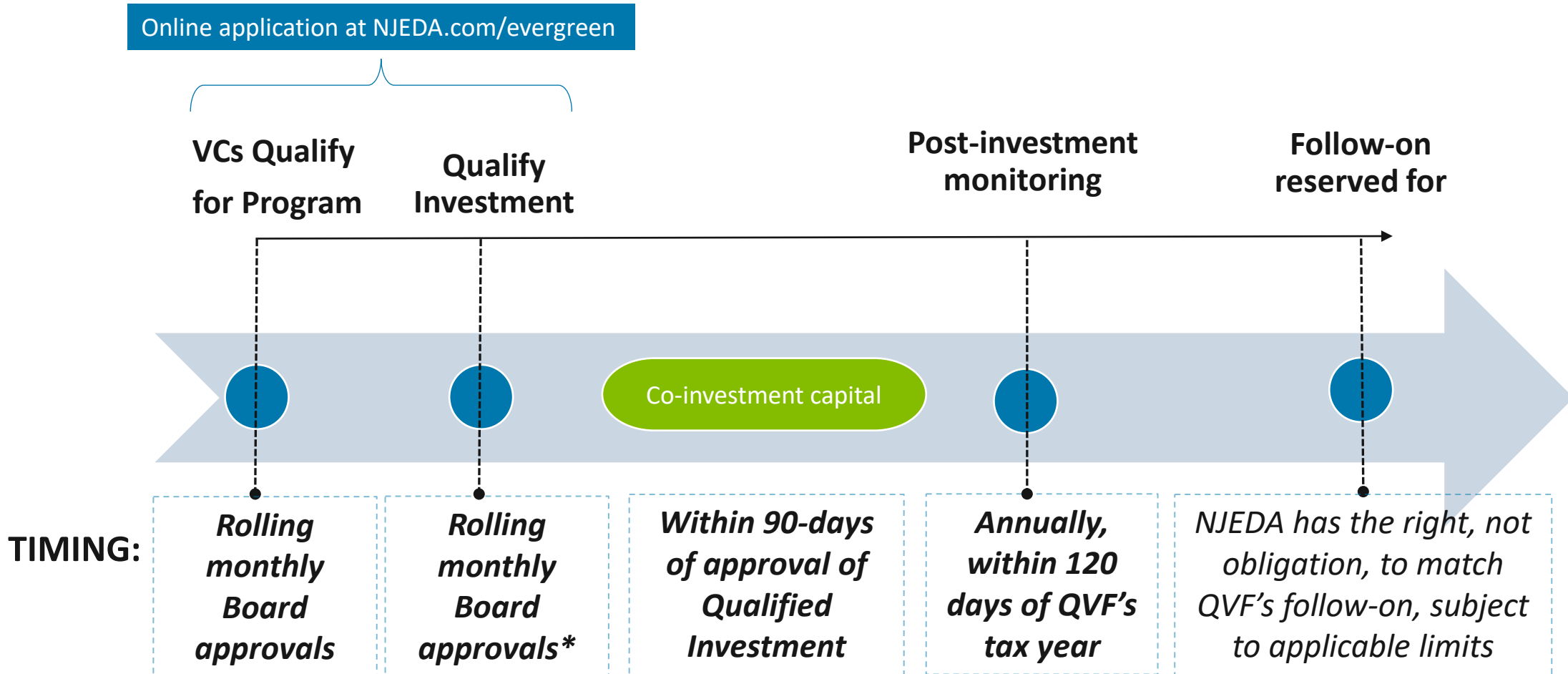


# Benefits to Venture Firms



\* NJEDA also covers direct administrative costs of the investments, up to program limits.

# How the Process Works



\*Application for investment can be concurrent with application to qualify firm onto Program platform.

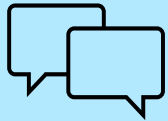
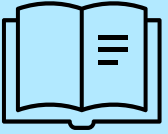
## Ongoing Compliance for Qualified Venture Firms

Qualified Venture Firms must submit annual reports to the NJEDA.

### Primary Annual Reporting Requirements

- ✓ Demonstration of continued compliance with requirement to maintain \$10M in AUM
- ✓ Demonstration of continued compliance with requirement to maintain at least 2 full-time investors with at least 5 years of professional money management experience
- ✓ Best efforts made to achieve DE&I policy goals
- ✓ Sourcing efforts to identify NJ investments
- ✓ Audited financials of each Qualified Venture Firm Active Fund and Evergreen SPV

## Next Steps



- Review application and other information at [NJEDA.com/evergreen](https://NJEDA.com/evergreen)
- Schedule a **CALL or MEETING** for follow-up questions: [NJIEF@njeda.com](mailto:NJIEF@njeda.com)
- Apply online for **Qualified Venture Firm** certification, application is open
- Apply for matching co-investment capital as early as **Q1 2023**





Visit [www.njeda.com/evergreen](http://www.njeda.com/evergreen) for more information.



@NewJerseyEDA | [njeda.com](http://njeda.com) | 609.858.6767

**NJEDA**