

We channel funding from Europe and the UK, through appointed fund managers to sustainable and ambitious London businesses. Returns generated from the funds go straight back into the London ecosystem, making investment available to the next generation.

We recognise the significant role SMEs play in London's economy, not least being the creation of jobs and prosperity. But we also recognise the hurdles that business founders and management teams have to clear before securing growth capital. With many SMEs still struggling to access finance, we bridge the London funding gap and enable real opportunities for sustainable growth.

December 4, 2014

# *Funding London launches fund to help budding London tech start-ups*

Budding tech and science start-up businesses in the capital who are looking to raise the finance they need to take their business to the next level can now take advantage of a venture capital fund for small businesses launched today (4 December). The London Co-Investment Fund is supported by £25m from the Mayor of London and up to £60m from six private sector partners.

In his last election manifesto the Mayor of London committed to creating a fund to provide low cost finance to small and medium sized businesses. And over the next three years the London Co-investment Fund is expected to invest in more than 150 small businesses plus spur the creation of up to 2,600 new jobs.

Independent research into small businesses has found that, although the capital's tech sector is thriving, some smaller companies find it difficult to line up new investment to help them expand. The new Fund specifically targets small businesses with expertise in the science, technology and digital arenas who have experienced those difficulties, and who will typically be looking to raise investment of between £250,000 and £1m. According to the research that is the largest gap in the market for investment.

Businesses wishing to apply will need to demonstrate they have the potential to create new jobs and be capable of delivering financial returns of ten times the cash invested in them.

The Mayor of London, Boris Johnson said: “London’s tech sector is flourishing and the city is a hotbed of talented young and ambitious people buzzing with exciting ideas who are setting up new companies in their droves. Despite this boom, we know that many budding start-ups find it difficult to raise the finance they need to grow. This new fund will ensure the tech-giants of the future can get the support they need to bring their ideas to reality and deliver jobs and growth for the capital.”

The Mayor of London is contributing £25m towards the scheme through the London Enterprise Panel’s ‘Growing Places Fund.’ The six private partners have been selected following a year long process. They are: Wellington Partners, Playfair Capital, London Business Angels, Angel Lab, Firestartr and Crowdcube/ Braveheart Consortium.

London’s tech sector has become the biggest cluster of expertise in Europe over the last three years. There are over 34,400 digital technology businesses and 155,600 digital technology employees in the capital. The city boasts one of the most vibrant start-up scenes in the world with more than 32 accelerators and incubators to assist start-ups looking to establish themselves – more than the whole of France and Germany. The new fund will help companies looking to move beyond those incubators.

The London Co-Investment Fund will be managed by Funding London. The initiative was originated by, and developed in partnership with, Capital Enterprise (the membership body for universities, accelerators and incubators that support entrepreneurs in London). Capital Enterprise on-going role will be to lead on the promotion of the London Co-Investment Fund and to develop and run a pipeline of investment-ready tech businesses that will be referred to the Fund’s selected co-investment partners.

John Spindler CEO of Capital Enterprise and a co-founder of the London Co-investment Fund said: ““At one stage we were evaluating the proposals of 38 Venture Capital Funds, Business Angel Syndicates and investment platforms who applied to be our partner. We eventually selected six partners who demonstrated the best track record and the highest level of commitment, expertise and resources to invest in tech start-ups in London. We explicitly wanted investors that reflected the diversity of interest and expertise that can be found in London’s investor community. We are therefore delighted to have as partners a leading European VC, a very active London Micro-VC, three of the best Business Angel Syndicate’s and a consortium between an equity crowdfunding platform and a respected professional fund manager.”

Maggie Rodriguez-Piza Chief Executive of Funding London and co-founder and manager of the London Co-investment Fund said: “As demonstrated by the level of interest from private sector investors, we believe we have a fund that can incentivise the private sector to invest and support the establishment of new players in the early stage investment eco-system. Our model means that LCIF will be investing in some of the best London based start-ups.”

To apply for London Co-Investment Fund investment and to receive support and guidance, London based Tech Start-ups are advised to go to [www.lcif.co](http://www.lcif.co)

LCIF hopes to make its first investment in January and will co-invest alongside its partners at the rate of one investment per week for three years.

#### **COMMENTS FROM PARTNERS:**

***Maggie Rodriguez-Piza, Chief Executive of Funding London said:***

“The persistence of the ‘funding gap’ at the very early stage of a business life is well documented. Yet it is these businesses that represent the future of London’s global economic potential. We are pleased to be making the LCIF possible; thereby continuing our mission to support the Mayor’s strategy for London. “We look forward to enabling larger round of

investment into London’s start-ups by co-operating with other investors in the eco-system.”

***John Spindler CEO of Capital Enterprise said:***

“The London Co-Investment Fund is an important step towards enabling start-ups in London’s burgeoning Tech cluster to raise a significantly large seed round. This ensures they have the resources to “prove the market” and can be in a position to raise follow on money that will give them the best chance to become world leading companies.

***Maria Dramaloti-Taylor & Kevin Chong Managing Partners of Angel Lab***

**About:** [AngelLab](#) is a London-based VC firm that invests in exceptional entrepreneurs who build category-defining tech businesses.

AngelLab’s 13 founding partners have been quietly working together for the last two years. In that time, they have invested in 27 start-ups and the valuation of those start-ups has grown to £125m, an increase of 2.5 times. Their portfolio includes one of London’s top 10 Fintech stars ([Azimo](#)), an Adtech start-up that raised \$7.5m Series A follow-on funding in record time ([Adbrain](#)), a global award-winning leader in talent mobility ([Move Guides](#)) and a pioneer of social commerce ([Shopa](#)).

“The London early stage tech ecosystem is maturing rapidly and producing some of the best

investment opportunities for years. Strengthened by the LCIF partnership, we at AngelLab feel well equipped to both support - and gain from - this exciting phase” said AngelLab Managing Partner Maria Dramaloti-Taylor

“We have a passion for working with the outstanding tech talent we have in London and supporting them as they create world-class businesses; we are focused on executing our unique portfolio strategy and delivering solid returns for the capital we invest. We are excited to have been selected by the LCIF and are grateful for the validation” said AngelLab Managing Partner Kevin Chong.

***Federico Pirzio-Biroli, Founding Partner of Playfair Capital***

**About:** Playfair Capital invests in passionate and tenacious entrepreneurs building next generation consumer and enterprise technology-focused companies with the capacity to become lasting global market leaders. We partner closely with our entrepreneurs to provide them with the financial, operational, and strategic support required to bring their visionary technologies to the world. Since inception in 2011, Playfair has backed over 30 companies across the UK, Europe, the US, and Africa including DueDil, Appear Here, Good.Co, and Mobius Motors.

“As an LCIF partner, Playfair will now be able to build syndicates, scale companies, and deliver innovation to the London

economy at an even faster pace. We strongly believe that London is a fertile ecosystem for emerging world-class companies and are excited to work with LCIF partners to support brilliant entrepreneurs building our future”

***Anthony Clarke, London Business Angels CEO,***

**About:** LBA is one of the oldest and most established angel groups in the U.K./Europe with a long track record of investing in innovative high growth early stage companies. Over the past 3 years LBA syndicates have backed over 60 SMEs amounting to over £10m of investment alongside £34m of co-investment.

“London Business Angels (LBA) is delighted to become an investment partner of the £25m London Co-Investment Fund (LCIF). LBA believes that this new partnership will be a catalyst to accelerate LBA’s syndication model in London which is strongly driven by the experience and skill of sector specific lead angels who add substantial value to companies post – investment. LBA now looks forward to working with the LCIF to help fund the next generation of London’s high growth companies.”

***Linus Dahg Associate of Wellington Partnership***

**About:** Wellington Partners is a pan-European early stage venture fund that is headquartered out of London. Within its total funds in excess of \$1Bn Wellington also operates a smaller seed focused vehicle from which we do investments as small as \$100-500K in early stage start-ups that show extraordinary potential and ambition to develop into large global category leaders.

“We believe that the LCIF partnership will provide valuable additional deal flow for our seed vehicle; an important source for early stage companies that become the next global winners”

***Luke Lang Co-Founder of Crowdcube***

**About:** Crowdcube is the UK’s first and largest investment crowdfunding platform. Since 2011, more than 115,000 savvy investors have registered with Crowdcube, helping to raise over £45 million for 165 UK businesses. Crowdcube is regulated and authorised by the Financial Conduct Authority.

**About:** Braveheart Investment Group plc is an AIM-listed investment management group providing debt and equity financing to SMEs. The group has over £120m of funds under management from public sector organisations, institutional investors, family

offices and high net worth individuals spanning the UK and Europe.

“For LCIF to invest in London’s top start-ups alongside Crowdcube, alongside the crowd, is an exciting prospect and underlines how equity crowdfunding is now an effective source of finance for businesses. Working together with Braveheart Investment Group plc, who will use their extensive fund management experience to provide an extra layer of professional due diligence, we are determined to deliver returns for investors and help London’s best technology, digital and scientific start-ups secure the investment they need to expand, create jobs and become the global pioneers of tomorrow.”

***Richard Muirhead Managing Partner of Firestartr.***

**About:** Firestartr provides seed-stage capital to entrepreneurs to help them build successful businesses. With a silicon-valley experienced investment team and broad advisor network, the company takes a lean, data-driven approach to build sustainable ventures and provides crucial connections to potential team-members, customers and partners. Technology is a major driver of job creation today. The LCIF initiative provides Firestartr with additional firepower to build the next generation of tech companies emerging from London’s thriving pool of startups.

“Much of our partnership's history is in building global successes from London”, said Richard Muirhead, Managing Partner at Firestart. “Our passion is the immense potential for good and growth made possible by the cloud, big data and the Internet of things. Our purpose with partnering with LCIF is to play a small part in the journey of the incredible entrepreneurs making this happen that we encounter every day.”