Uk Government Set to Invest £5m Through Crowdcube

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Leading equity crowdfunding platform, Crowdcube, has been chosen as one of only six competitively selected partners by the London Co-Investment Fund (LCIF) and the only crowdfunding platform to be on the list of VCs, angels and other investors. Established by Funding London and Capital Enterprise, the LCIF is a new Government-backed fund designed to address the funding gap in London faced by tech start-ups, and will see £25m invested in 156 seed stage companies within the Technology, Digital and Science sectors over the next three years. The £25m is being contributed by the Mayor of London through the London Enterprise Panel's 'Growing Places Fund.'

Crowdcube, along with consortium partner, Braveheart Investment Group plc (Braveheart), has been awarded £5m of the overall fund pot to invest – the highest amount awarded to any of the six recipients. With its strong track record of raising investment for start-ups and high growth businesses, Crowdcube will source the companies for co-investment and Braveheart will make the investment decisions and carry out the fund management role.

Luke Lang, co-founder of Crowdcube, sees this as a clear endorsement by the Government of the 'power of the crowd' and the growing popularity of equity crowdfunding: "For the UK Government to invest in London's top start-ups through Crowdcube, alongside the crowd, is an exciting prospect and underlines Crowdcube's reputation as an effective way for high growth tech firms to raise finance.

"Working with Braveheart, with its extensive fund management experience, we're 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."

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 investment pot is earmarked for high growth firms making the transition from start-up to growth phase and typically for companies looking to raise between £250,000 and £1m. Businesses will also be expected to demonstrate the potential to create enough jobs to contribute towards the LCIF's target of more than 2,500 new jobs as a result of the investment. The fund will also be used to attract private sector investment with a target of £2.90 of private investment for every £1 invested by the LCIF.

Braveheart, an AIM-listed investment management group, which has a proven track record in investing, managing and exiting investments for a broad portfolio of companies, will conduct additional due diligence into the investment opportunities listed on Crowdcube prior to investment.

Geoffrey Thomson, Chief Executive of Braveheart, which also runs the independent Crowdcube Venture Fund, says: "Our aim is to deliver healthy returns to investors, so we are very excited by the prospect of meeting and investing in London's finest tech businesses who seek funding on Crowdcube. We have 17 years experience investing public money, but this is the first time the Government has invested via equity crowdfunding, which is a powerful endorsement for Crowdcube and shows how the burgeoning market is maturing."

John Spindler, CEO of Capital Enterprise, which will be in charge of promotion of LCIF, deal pipeline development and the application and filtering process, adds: "It is fitting that Crowdcube, which has pioneered equity crowdfunding globally and has done more than most to overcome the funding gap, was selected as a LCIF partner. We were impressed with Crowdcube's consortium bid with Braveheart, which combines traditional fund management expertise with crowdfunding. This will mean more businesses will benefit from investment much faster."

The LCIF was launched at an event today held at City Hall by the Mayor's Office and attended by partners, London's leading tech entrepreneurs, accelerators, investors and supporters.

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Notes for editors:

Crowdcube and Braveheart

- The Crowdcube/Braveheart consortium has a track record in early stage investment in technology sectors, including a highly experienced team with many years expertise of investing in tech SMEs.
- Companies that have successfully raised investment on Crowdcube since 2011 are forecast to collectively create 2,861 new jobs in the three years following their investment.
- Crowdcube also works with Braveheart Investment Group plc to deliver the Crowdcube Venture Fund, which exclusively offers Crowdcube members a unique and easy way to invest in businesses listed on Crowdcube with the extra reassurance that their money is invested, managed and monitored by an independent, professional and experienced fund manager.

Crowdcube investing in London:

- South London is the most popular location for firms choosing Crowdcube, representing nearly half (46%) of businesses. West London takes second place (18%) and North London (17%).
- When it comes to investors, of the top 20 most popular postcodes sorted by investor, only one is not a London-based location.
- Crowdcube is also supporting the job market with businesses in London that have funded on the site employing 426 staff – estimated to increase to more than 1,500 in three years' time.

About Crowdcube:

As the world's first and most successful investment crowdfunding platform, Crowdcube enables entrepreneurs to bypass the traditional business angel, venture capital or bank finance routes, giving them more control and access to more investors. For investors, Crowdcube provides them with a way to cherry-pick a stake in an innovative business that traditionally would have been restricted to corporate investors. In addition, they can now benefit from a fixed return per annum by lending money to more established companies offering a mini-bond on Crowdcube.

Since 2011, more than 115,000 savvy investors have registered with Crowdcube, helping to raise over £45 million of equity finance for 165 British business including easyProperty (raised £1.4 million), River Cottage (raised £1 million) and the Eden Project (raised £1.5 million in 24 hours).

Investing involves risk and should be done only as part of a diversified portfolio. Investing equity in start-ups and early stage businesses involves risks, including illiquidity, lack of dividends, loss of investment and dilution. Mini-bonds can be unsecured, non-convertible and non-transferable. Crowdcube is targeted exclusively at investors who are sufficiently sophisticated to understand these risks and make their own investment decisions. Crowdcube is authorised and regulated by the Financial Conduct Authority (No. 572026).

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