

EIF in United Kingdom



Key figures (at 31.12.2015)

- First EIF operation in the UK: 1996
- 144 supported UK private equity funds
- 34 partner finance and guarantee providers
- Over 27,700 SMEs supported

Equity

EIF investments in the UK cover the full range of the equity spectrum, from technology transfer to mezzanine and lower-midmarket private equity funding. In recent years EIF has also invested into a number of venture capital funds in the UK to support the commercialisation of research.

In 2015, EIF's equity participations in the UK amounted to EUR 655.8m, which is expected to mobilise EUR 2.87bn in capital. EIF invested into two co-investments and in 16 funds, out of which 11 are multi-country funds also investing outside the UK. Several of the transactions also benefit from the support of the European Fund for Strategic Investments (EFSI), which is at the heart of the Investment Plan for Europe.

Among the range of resources managed by EIF on behalf of third parties is the UK Future Technologies Fund (UK FTF), a technology focused fund-of-funds launched by EIF together with the UK Government in 2010. UK FTF invests into venture capital funds targeting ICT, life sciences and advanced manufacturing sectors, and is by now fully invested.

Guarantees and securitisation

EIF has actively supported UK SMEs also through a number of guarantee and securitisation transactions and in 2015 signed five transactions totalling EUR 280.3m.

In the framework of Horizon 2020, two guarantee agreements have been signed in 2015 under the InnovFin SME Guarantee Facility with Santander UK PLC and Barclays Bank PLC, allowing innovative SMEs and small mid-caps to benefit from ca EUR 274.1m (GBP 200m) of new lending over the next two years. The transactions benefit also from the EFSI guarantee.

Under the EU Programme for Competitiveness of Enterprises and SMEs (COSME), EIF entered into guarantee agreements with EZBOB and Iwoca, UK based providers of business loans operating through online platforms. The agreement with Iwoca also benefits from the EFSI guarantee. The two agreements are expected to result in ca EUR 103m (GBP 80m) of additional lending to support over 5,000 small businesses in the UK.

As part of its securitisation activities, EIF has provided in 2015 guarantee cover for warehousing facilities of lease portfolios for two UK non-bank finance providers, Kennet Equipment Leasing and Hitachi Capital UK. The latter transaction was structured in collaboration with the British Business Bank under their ENABLE Funding programme. Furthermore, the facilities are targeted to be refinanced through the capital markets, which will provide an additional diversification of the funding options for the originators. Both transactions contribute to further lending for UK SMEs. It is therefore anticipated that EIF's intervention will enable EUR 400m of additional SME lending.

EIF at a glance

The European Investment Fund (EIF) is Europe's leading risk finance provider for small and medium-sized enterprises (SMEs) and mid-caps, with a central mission to facilitate their access to finance. As part of the European Investment Bank (EIB) Group, EIF designs, promotes and implements equity and debt financial instruments which specifically target the needs of these market segments.

In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. EIF manages resources on behalf of the EIB, the European Commission, national and regional authorities and other third parties. EIF's support to enterprises is provided through a wide range of selected financial intermediaries across Europe. Since its inception in 1994, EIF supported over 1.8 million SMEs.

EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the European Union represented by the European Commission and various public and private financial institutions from European Union Member States and Turkey.

Barclays Bank PLC and Scottish Enterprise belong to EIF's shareholders in the UK.

For further information visit www.eif.org.

Case study

Microfinance

EIF is also addressing the financing gap faced by micro-entrepreneurs and social enterprises across Europe by managing the Employment and Social Innovation (EaSI) Guarantee Financial Instrument and its predecessor, Progress Microfinance, on behalf of the European Commission. In 2015, EIF signed in the UK three microfinance transactions totalling EUR 7.6m, one with Fredericks Foundation under EaSI and the other two with The Enterprise Fund and Business & Enterprise Finance Ltd under Progress Microfinance.

K10 is an enterprise that benefitted from support through the Social Impact Accelerator (SIA) fund of funds managed by EIF. The investment was made possible by the co-operation with Impact Ventures UK, a leading EIF-backed investment fund that specialises in providing growth capital to social enterprises.

Social impact sits at the core of what K10 does. It is one of those companies that trigger an instant wow-effect considering its efforts in delivering truly positive change in communities throughout London – so far with excellent results.

On the one hand, 25 percent of all young people in London are unemployed, often lacking the skills or the knowledge for a meaningful career. On the other, an ageing workforce means there is an acute skills-gap within the construction industry, and a parallel need for young, qualified entrants.

K10 effectively recognised this challenge. In response, it offers young, disadvantaged and unemployed people an apprenticeship that provides the experience necessary for sustainable full-time employment as well as a qualification they can use to further their careers.

The company employs apprentices directly as an accredited Apprenticeship Training Agency, securing paid jobs with construction companies and developers across London. Apprenticeships include business administration, carpentry, plumbing, dry-lining, painting and electrical installation. K10 also manages to create opportunities that would otherwise not have existed.

K10's ambitious target is to employ at least 100 apprentices each year which has been exceeded in each of the last three years.



Company:

K10 Apprenticeships Limited (UK)

Type of business:

Social enterprise, apprenticeships in construction and other sectors

Investment through Social Impact Accelerator (SIA) fund of funds

European Investment Fund

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