



UK Innovation and Investment Fund (UKIIF)

The Government accepted our recommendation to appoint [Hermes GPE](#) and the [European Investment Fund](#) to manage elements of the UK Innovation Investment Fund. The funds are now operational and have already made their first investments. This will bring at least £325 million of much needed funding to support the UK's world-leading high-tech industry.

The Department for Business press release issued on 9 December 2009:

Government on course to create Europe's largest technology venture capital fund

Government's cornerstone investment of £150 million in the UK Innovation Investment Fund leverages additional £175 million from investors

The Chancellor has today [Wednesday 9 December] announced the appointment, subject to contract, of Hermes Private Equity and the European Investment Fund (EIF) as fund-of-fund managers for the UK Innovation Investment Fund (UKIIF). UKIIF will ensure that venture capital is available by early 2010 to invest in innovative British businesses in key sectors (life sciences, clean technology, digital and advanced manufacturing).

The Chancellor also announced that the Government's investment of £150 million has leveraged £175 million in additional money, creating a pool of funding initially worth £325 million (once legal agreements have been signed). Further private investment will be secured before the Fund closes for investors in 2011. The ambition remains to create a billion pound 15-year fund.

The Government will invest £100m in a £200m technology fund-of-funds to be managed by the EIF, which will cover digital/ICT, life sciences and advanced manufacturing.

It will also invest £50m in a £125m low-carbon and clean tech fund-of-funds to be managed by Hermes. These complementary mandates invest across all technology sectors and at all stages.

Lord Drayson, Science & Innovation Minister, said: "UKIIF has been a hit with investors. We can now ensure that Britain's high tech growth companies will have the capital to fulfil their potential. By backing entrepreneurs we back jobs and growth."

Both Hermes Private Equity and the European Investment Fund have international reputations and solid track records of investing in technology.

As the UK Government seeks global agreement in Copenhagen on reducing carbon emissions, our clean tech sector is presented with a major opportunity. The UKIIF will target £125 million on companies developing clean technologies to ensure that the UK is at the forefront of global efforts to move to a low-carbon economy.

Commenting on the announcement, Simon Walker, Chief Executive of The British Private Equity & Venture Capital Association (BVCA) said: "This is terrific news for UK venture capital. To achieve £325m in less than six months after the fund was announced is very impressive, particularly in the current climate. This will be much needed investment for the young, innovative businesses which will create jobs and opportunity in our future growth areas. It is these venture-backed companies that can be at the vanguard of the UK's economic recovery."