

KfW Capital increased commitment volume of ERP VC fund investments by around 80% in first half of 2020

Press Release

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No. 070 E**

For further information:

KfW Capital
Sonja Höpfner
Press Officer
Bockenheimer Landstraße 98-100

Phone: +49 (0)69 7431 4306
Sonja.Hoepfner@kfw.de

www.kfw-capital.de

- **Nine ERP venture capital fund investments committed in a volume of EUR 137 million**
- **Access to capital has been further improved for start-ups in Germany**
- **Coronavirus assistance for start-ups is having an effect: Applications worth EUR 614 million have been approved**

In the first half of 2020, KfW Capital committed investments of around EUR 139 million to VC funds for the financing of innovative technology companies in Germany, an increase of 80% on the same period last year (EUR 77 million). Under the programme 'ERP_VC Fund Investments' it committed a total volume of EUR 137 million to nine VC funds with support from the ERP Special Fund, about 80% more than in the first half of 2019 (EUR 77 million). KfW Capital also disbursed funds to the High-Tech Start-up Funds I + II. 'Despite the coronavirus crisis we have significantly increased our investment volume as well as the number of funds to which we made commitments and thus further improved access to capital for innovative technology companies in Germany even in these challenging times', said Dr Jörg Goschin, who manages KfW Capital in partnership with Alexander Thees. 'KfW Capital is a reliable partner to the VC market in good as well as in challenging economic times such as the ones we are experiencing', said Alexander Thees.

The aim of KfW Capital is to sustainably bolster the VC fund landscape so as to give innovative technology companies in Germany better access to growth capital and sustainably strengthen the country as a hub of innovation. KfW Capital participates in VC funds always at the same conditions as private investors with a maximum share of 19.9% of the total fund volume. In return, the VC funds commit to investing at least the

amount of capital brought in by KfW Capital into German fast-growth enterprises.

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As at 30 June 2020, the total portfolio of KfW Capital was composed of 43 VC fund commitments with a volume of some EUR 740 million. The funds include both established and first-time funds. The VC fund portfolio covers the most important branches of industry (ICT, life science, industrial tech). The aggregate volume of all funds in which KfW Capital is invested is more than EUR 9 billion.

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Since the start of the coronavirus pandemic in Germany, KfW Capital has also focused on supporting the Federal Government in the design and implementation of start-up assistance. Together with the German Federal Ministry for Economic Affairs and Energy, the Federal Ministry of Finance, associations, major market participants and KfW, KfW Capital developed the support scheme known as Pillar 1. It includes, in particular, the Corona Matching Facility, under which European VC funds have been able to request funds from KfW Capital since 14 May 2020 and from the EIF since 18 May 2020 to support start-ups in Germany. The VC funds' financing rounds can thus be supplemented with funds from the support programme at equal terms retroactively from 2 April 2020 and up to 31 December 2020. In addition, funds such as the High-Tech Start-up Fund and coparion can request funds from Pillar 1 to support start-ups in Germany. To date, 75 applications totalling EUR 1.16 billion have been received from VC funds under Pillar 1, with 28 applications approved in a volume of EUR 614 million. The VC funds plan to finance some 330 start-ups with this support.

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After submitting their application, the VC funds undergo thorough due diligence checks as they will subsequently act as trustees of these federal funds. Once the co-investment and trust framework agreement has been signed, it is up to the funds to decide whether, when and in what amount to draw down the funds.

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Note:

60 In total, around EUR 2 billion is available for the German Federal Government's start-up assistance. Further information on the Corona Matching Facility can be found at <https://kfw-capital.de/en/corona-matching-facility>. Information on Pillar 2 of the Federal Government's start-up assistance and the ERP Start-up Fund is available from KfW's website, including www.kfw.de/corona-startup (page available in German only).

65 **KfW Capital**

KfW Capital is KfW's venture capital subsidiary. Its product range includes participations in the co-investment fund coparion and the three generations of the High-Tech Start-Up Fund, as well as its ERP VC fund investments product – which is supported by the ERP Special Fund. KfW Capital's investments are based on KfW's sustainability criteria and comply with the group's Exclusion List and Sectoral Guidelines. The VC fund investor sets great store by the target funds' observance of ESG criteria. Further information on KfW Capital is available at www.kfw-capital.de. There you will also find an overview of KfW Capital's VC fund portfolio.

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