

## **KfW Capital: responsible VC fund investor celebrates first year on 15 October 2019**

**Press Release**

**Frankfurt, 15.10.2019**

- **VC fund investments committed in a volume of EUR 147 million since operations started on 15 October 2018**
- **Goal: to strengthen the VC fund ecosystem in order to provide innovative tech companies with better access to capital**
- **KfW Capital has been well received by the market**

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Since it launched operational activities one year ago, KfW Capital has committed nine VC fund investments totalling EUR 147 million with support from the ERP Special Fund. “We are very pleased with the first year and were able to meet the expectations placed on us. The market has responded to us with great interest. The funds in which we have invested include what are known as first-time funds as well as follow-on funds with experienced fund managers”, said Dr Jörg Goschin, who manages KfW Capital in partnership with Alexander Thees. “From day one we were able to start operations in our own independent structure with full support from both KfW and the relevant policymakers”, said Alexander Thees. The establishment of KfW’s wholly owned VC funds investment subsidiary was initiated by a resolution passed by the German Federal Parliament. The goal of KfW Capital is to invigorate the VC fund ecosystem in Germany and Europe so that innovative fast-growing tech companies in Germany receive better access to capital.

KfW Capital always invests at equal terms and conditions with private investors. The VC funds for their part undertake to use at least the amount invested by KfW Capital to finance innovative tech companies in Germany. “Our deal pipeline is very strong – not just up to the end of this year but well into the year 2020”, said Dr Jörg Goschin. The KfW subsidiary will gradually increase its new VC fund investment volume as planned to an average of around EUR 200 million per annum by next year. “In the first ten years, KfW Capital will invest some two billion euros

25 across the entire VC funds industry and irrespective of the business cycle”, said Alexander Thees.

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Germany’s VC investment volume in relation to its gross domestic product is below the European average. “Larger funding rounds for fast-growing tech companies are particularly hard to obtain in Germany. There are still not enough VC funds around, and those that exist are often too small”, said Dr Jörg Goschin. “Fast-growing tech companies create the jobs of tomorrow through their innovative strength and secure competitiveness. That is why it is so important to further strengthen the VC market”, said Alexander Thees.

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KfW’s equity finance operations were transferred to KfW Capital. These include its participations in the co-investment fund coparion and the three generations of the High-Tech Gründerfonds (HTGF), as well as its ERP VC fund investments. KfW Capital currently has 31 VC fund investments in its portfolio with a committed capital volume of some EUR 550 million (incl. coparion and HTGF). Its investments are based on KfW’s sustainability criteria and comply with the Group’s Exclusion List and Sectoral Guidelines. KfW Capital is controlled by a supervisory board of six members: Dr Ingrid Hengster, member of the KfW Group Executive Board, is the chair, and Dr Stefan Peiß, who is also on KfW’s Executive Board, is the deputy chair. Further members are Dr Sabine Hepperle, Head of the SME Policy department at the Federal Ministry for Economic Affairs and Energy, und Dr Levin Holle, Head of the Financial Markets Policy department at the Federal Ministry of Finance, both as representatives of the German Federal Government, as well as Dr Fritz Becker, entrepreneur and investor, and Dr Judith Kölzer-Söding, entrepreneur, as representatives of the market.

55 Further information on KfW Capital is available at <https://kfw-capital.de/en>. **There you will also find an overview of KfW Capital’s VC funds portfolio.**

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