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FROM THE GOLDEN GATE TO THE GOLDEN TRIANGLE



A REPORT ON US INVESTMENT
INTO UK COMPANIES

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EXECUTIVE SUMMARY

THE UK COULD BE ENTERING A GOLDEN AGE OF SILICON VALLEY INVESTMENT. WE'RE SEEING MORE DEALS INVOLVING WEST COAST INVESTORS AND UK COMPANIES THAN EVER BEFORE, AS INVESTORS AND ACQUIRERS IN THE US LOOK FURTHER AFIELD TO FIND THE NEXT BILLION DOLLAR COMPANIES AND, IN DOING SO, SPREAD THEIR RISK PROFILE.

Our research suggests companies in the UK's Golden Triangle are taking the lion's share of this investment, particularly those in the software sector, which have benefited from £2.2 billion in funds since 2011.

Whilst West Coast investors were involved in more deals, East Coast investors put more money into UK companies overall – evidencing that, whilst Silicon Valley has its eye on the UK, tech hubs in the likes of New York and Boston do as well.

We're seeing this as part of a wider trend of inward investment into UK companies. It would appear that Brexit has done little to put investors off and as long as the UK continues to attract the world's best talent, the flow of capital from the US looks set to continue over the coming years.

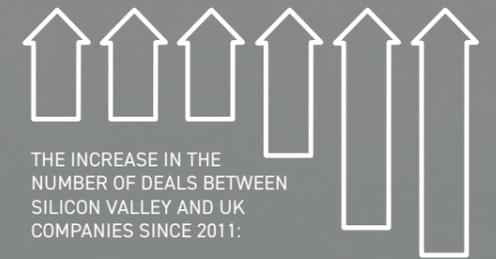
To read the full report visit:
www.penningtons.co.uk/golden-gate-golden-triangle

GOLDEN GATE MEETS THE GOLDEN TRIANGLE



£1.08 BILLION

THE AMOUNT INVESTED INTO UK COMPANIES BY WEST COAST INVESTORS IN 2017



THE INCREASE IN THE NUMBER OF DEALS BETWEEN SILICON VALLEY AND UK COMPANIES SINCE 2011:

252%

NUMBER OF DEALS INVOLVING WEST COAST INVESTORS AND UK COMPANIES IN 2017:



74

£2.2 BILLION

THE AMOUNT INVESTED BY WEST COAST INVESTORS INTO UK SOFTWARE COMPANIES SINCE 2011

500 STARTUPS

THE US HEADQUARTERED INVESTMENT FIRM INVOLVED IN THE MOST DEALS WITH UK COMPANIES IN 2017



EIGHT

THE NUMBER OF DEALS INVOLVING 500 STARTUPS AND UK-BASED COMPANIES IN 2017



GREENOAKS CAPITAL MANAGEMENT: THE TOP US HEADQUARTERED INVESTOR BY TOTAL VALUE OF DEALS PARTICIPATED IN

WIDER US AND GLOBAL INVESTMENT TREND

373

EQUITY INVESTMENTS INVOLVING OVERSEAS INVESTORS IN TOTAL IN 2017



OVERALL INCREASE IN OVERSEAS INVESTMENT INTO UK COMPANIES IN 2017



£2.83 BILLION

AMOUNT CONTRIBUTED BY DEALS INVOLVING NORTH AMERICAN INVESTORS



33%

OF DEALS BY VALUE INVOLVED A NORTH AMERICAN INVESTOR. 25% INVOLVED A US INVESTOR

£1.31 BILLION

AMOUNT INVESTED BY EAST COAST INVESTORS INTO UK BUSINESSES IN 2017



BUILDING STRONG CONNECTIONS

There has never been a more exciting time to be involved in the technology industry and its impressive pace of change. Whether you're in Cambridge or California, innovation clusters across the globe are nurturing ground-breaking technologies and creating world-leading businesses.

As a law firm, we often act as a bridge between the key stakeholders in tech hubs – making connections and developing valuable relationships. Penningtons Manches has a long history of working with technology firms, their innovators and their investors. We have always had a significant presence in tech hubs across London and the South East and more recently, on the West Coast of the United States.

That's why we're delighted to present this research, *From the Golden Gate to the Golden Triangle*, our exploration of US investment into UK companies. What we've found has been both illuminating and reassuring at the same time. It is heartening to see that West Coast investment into UK companies is at an all-time high. Our research, carried out in partnership with Beauhurst, has found there has been an impressive 252% increase in the number of deals since 2011: we saw investors from the West Coast involved in 74 deals in 2017, representing £1.08 billion in value.

Whether talking to US investors to understand what motivates them, or hearing how UK companies expect investments to impact them, we have sought to capture and create a clear picture of the inward investment landscape – something we continue to support to enable our clients to scale.

James Klein, partner, Penningtons Manches



GREAT THINGS HAPPEN WHEN TECH HUBS MEET

Britain's Golden Triangle is a powerhouse of ingenuity and innovation. The companies located in and around Cambridge, Oxford and London go toe-to-toe with some of the best in the world and it's not surprising to see that investors in Silicon Valley, and across the US, are paying close attention to the entrepreneurial activity on this side of the pond. Cultivating and maintaining this relationship is important – there is so much to be gained for everybody involved.

It's fantastic to see that funders from the United States made up 25% of total equity investment into UK companies last year. This will no doubt continue to rise over the coming years as the Golden Triangle gathers even more momentum and a larger profile in the States. If companies can successfully attract investment from the US, they'll garner much more than capital. They'll tap into a wealth of experience and advice which will help them navigate the whirlwind of growth.

Sherry Coutu CBE, serial entrepreneur, investor and co-founder of Silicon Valley Comes to the UK

Penningtons Manches LLP is one of the UK's leading law firms, with seven offices including a City of London headquarters and a presence in San Francisco. With over 100 partners and some 600 members of staff, we are acknowledged as a dynamic and forward-thinking practice which combines comprehensive legal services with a responsive and flexible approach. Our specialist, multidisciplinary teams concentrate on a range of industry sectors, including technology, life sciences, education, banking, finance and financial services regulation, real estate, retail and international wealth. Through our active involvement with a number of the UK's trade bodies, we are well placed to advise on all aspects of inward investment, from technology start-ups to large international relocations.

For further information, visit us at www.penningtons.co.uk where you will find comprehensive contact details for all our lawyers as well as our latest news, insights and publications. Alternatively, email us at info@penningtons.co.uk