

# Attracting UK Investors



**PRESENTATION: Mark Gaskell**

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## Equity and Grant Background



Equity & Grant has been working with the Baltic States and other EU Inward Investment Agencies since 2004. We have;

- Relocated UK Company Operations;
- Found Development Partners;
- Found Manufacturing Partners;
- Established R&D Collaboration;
- Developed Distribution and Supply networks;
- Utilised EU funding schemes;
- Provided Investment.



## Our Network includes



150 UK/US Companies seeking alternative investment scenarios

We have access to Equity Investment Funds from;

- UK
- USA
- CIS
- EU

(Value of funds available from these sources exceeds £1bn)

Access to 2<sup>nd</sup> largest UK Angel Investment Network

- c2200 High Net Worth Individuals (Value of funds exceeds £200m)



## Equity and Grant Partners

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- EU Inward Investment Agencies
- UKTI
- British Chambers of Commerce
- Local LT Partners
- Embassies (both overseas and in UK)
- EU Secretariats
- Government Ministries
- Employers Confederations/Trade Associations



## UK Economic Drivers

- UK Economy has a large budget deficit in relation to GDP (£170bn);
- Quantitative Easing will only prolonged Government Debt as value of Government Bonds has decreased;
- UK Has enormous amounts of government debt (£850bn);
- Incoming government will have to introduce “painful measures” to balance the books;
- UK Companies will continue to seek offshore locations that offer “better value”;
- UK Companies coming back from China and India after poor results.



## Investor Types



There are many Investor Types; The 4 listed below are the most common that have an interest in LT;

- Equity Investors (Angel or Corporate) who will take a share of an LT Company;
- FDI Investors who will move some or all of their operations to LT (and will usually seek EU Grant Support);
- Investors who will just seek a supply relationship, these are really purchasers of goods or services but in broad terms are investing through spending their resources in LT;
- UK Investors who will purchase LT Operations (least common);



## Investor Drivers



For all investors EU funds are a consideration but;

- Equity investors will consider accessing EU funds but they are usually a “nice to have”; they will not chase them if there is a bureaucratic process;
- Equity Investors will also be dissuaded if there are substantial restrictions such as certain locations and so on;
- FDI Companies will typically seek the best EU Funds deal they can get;
- Angel Investors will also want to see an EU funds overlay as it increases the value of their investment



## Investment Considerations



Availability of EU Funding support is **important** to FDI Companies

However attracting investors is a highly competitive activity

With the CEE Area there are 9 States all of whom have;

- Similar Agencies to attract Investment and Investors
- Similar Types of EU Funding
- Similar Funding Priorities
- Similar types of Investor Support
- LT Needs to show how it adds value for investors



## Investor requirements



All Investors seek

- Reliable and Competent Partners
- A Return on their Investment
- An exit point usually 3-5 years
- A Compelling reason to Invest
- Honesty and Transparency in their dealings



## Investor Process



### Investors will typically

- Review 3 or 4 states “on paper” before making any in state visits;
- Employ consultants to investigate each state in some detail, for possible partners, locations and grant aid conditions;
- Visit 2 or 3 states as part of a selection process;
- Enter into discussions with 2 states as part of the “middle phase of decision making process.

**Just because an investor is sitting in front of you do not assume you will get the business, investors are not in the habit of playing a game with just one option**



## Investor Desires



**Getting the Investor Visit is just the first step it is still easy to lose them;**

Typically an Investors view of a country will be determined by the first representatives they meet and what is said to them. If they feel comfortable with the individuals representing the Country, Company or Agency they will then seek other “comfort factors” such as

- Availability of Information in English, (Programme Criteria, Location Information, Application Process and so on);
- Transparency within the Investment Process;
- That deadlines are met and promises are kept;
- That their investment criteria can be met.



## Investor Dislikes



Investors will not react positively to

- Negative press reports about the country; for example news stories about corruption;
- Adverse financial conditions or financial instability;
- Lack of response from Agencies or Companies with whom they are trying to partner;
- Being put in a situation where their integrity is questioned;
- Being treated as a “cow that can be milked” by those they meet.



## What is LT “Doing Right?”



- LT has good reputation in UK for strong work ethic and high quality human capital resources;
- Strong London based Commercial Attaché;
- Attaché engages with UK Companies, he leaves his office to meet them;
- Willingness of LT Ministers to engage with FDI Investors;
- Good Governmental business friendly policies in LT to attract FDI Companies;
- A drive to reduce bureaucracy in the EU Grant process;
- Break up of LDA into separately facing agencies with defined roles.



## Summary



- Don't ever think you are “the only game in town”;
- Investors are easily scared, don't be negative or place obstacles in the way of discussions;
- Be honest due diligence will uncover your “skeletons” prepare the investor if you have things to explain;
- Use a translator you might speak English OK it doesn't mean your written communication has the same meaning;
- Don't be afraid to engage external help it can make the difference between getting a deal away or not;
- Keep talking, if you go quiet it can be seen as a lack of interest.



## Live Projects



We currently have 3 UK Companies that are finalising the process of locating to Lithuania; These are;

- A Medical Technology company seeking R&D and production partners
- A Manufacturer of “clean” turbines seeking R&D and production partners
- A Fire Technology Companies seeking production partners and facilities

We now have 6 more companies that are starting the process of actively reviewing Lithuania as a location

# Thank you

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