

## **SJF Ventures Seeks \$75M For Clean-Tech Growth Fund**

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Even as some firms are raising massive funds to invest in growing, revenue-producing clean-technology companies, SJF Ventures is taking a different approach to this type of investing as it aims to raise \$75 million for its next fund.

Arrun Kapoor, managing director at SJF, said you don't need a billion dollars to make growth-equity deals in clean technology. SJF is going after companies in recycling, energy-efficiency, solar deployment and sustainable agriculture that aren't capital gobblers. Its focus is more on interesting business models, rather than purely technology innovation, Kapoor said.

The firm is also largely staying away from Boston and Silicon Valley in search of more amenable valuations, Kapoor said. SJF has offices in Durham, N.C.; New York; and San Francisco.

The way it expects to make money is by selling the companies to strategic buyers, rather than by taking them public.

So far it has had five exits from the \$28 million SJF II fund closed in 2007. That fund will only be making follow-on investments once SJF holds its first close on the third fund, according to Kapoor.

It has received commitments for more than \$30 million to date, and Kapoor said he hopes to hold a first close in January. He declined to discuss limited partners. Kapoor said the second fund was manageable but still a bit small. The firm also didn't want to raise a fund that's bigger than \$100 million.

With SJF III, the firm will now raise its average investment per company to \$5 million from \$2 million in the prior vehicle, he said.

Three-quarters of the new fund will be dedicated to clean technology and the rest to other technology deals. All SJF deals fall under the umbrella of "impact investing," meaning that the fund invests only in those companies that have a positive societal impact.

The firm is looking for companies with average revenue of \$1 million to \$20 million.

Its exits to date include CleanScapes Inc., a recycling and waste collection company that was bought by a larger company in the space, Recology Inc. Terms of the deal weren't announced, but Kapoor said the return was strongly positive. SJF invested \$1.9 million in CleanScapes in 2008, when the company had \$12 million in revenue. By 2010, its revenue had risen to \$47 million.

SJF isn't targeting the type of growth-equity investing in clean technology that is the purview of firms such as VantagePoint Capital Partners and Silver Lake Kraftwerk, both on the market raising about \$1.25 billion for their next growth funds. VantagePoint, for one, takes the approach of trying to find advanced technology companies that need scaling capital for building manufacturing and large projects and that are then ready to go public. It has made money in such deals through car company Tesla Motors Inc. and biofuels company Solazyme Inc.

But Kapoor said that sort of high-risk venturing isn't SJF's strategy.

SJF has a nonprofit sister, SJF Institute, that helps start-ups through events and workshops, and helps SJF find investment leads, Kapoor said.

