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By UK PropTech Association in partnership with Ministry of Housing, Communities and Local Government

Investment Readiness Guide for PropTech Founders – With Checklist

A practical guide to assessing your business before you raise capital

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Disclaimer

1. Introduction

Raising capital is not only about finding an investor who believes in your vision or telling a strong story about where the business is going. For PropTech startups and scaleups, investment readiness is about whether the business can stand up to detailed scrutiny across legal, financial, regulatory, commercial, and operational areas and whether it can grow in a sector shaped by regulation, physical assets, and complex delivery environments.

In practical terms, this means being able to show that the business is organised, understands the constraints it operates under, and can scale without creating risks that are difficult or expensive to unwind later. In PropTech, where products often sit alongside real estate, infrastructure, or public sector systems, these questions tend to surface earlier and, in more detail, than in purely digital businesses.

Many founders approach fundraising primarily as a presentation exercise: refining the pitch, tightening the narrative, and focusing on market size or product vision. From an investor's perspective, however, fundraising functions more like a risk assessment. Investors are not just asking whether the product is interesting or the opportunity is large; they are assessing whether the company is structured, governed, and run in a way that allows their capital to be deployed with a reasonable level of confidence.

This resource helps PropTech founders understand investment readiness in practical terms. It explains why investors and advisers use structured checklists and how founders can assess the areas most commonly examined during fundraising. The guidance reflects current UK investor and regulatory expectations, with broader relevance for businesses planning to scale internationally.

2. The fundamentals of investment readiness

Fundamentally, investment readiness answers a simple question: can this business absorb external capital and transform it into predictable, scalable value without creating unacceptable amounts of risk?

This question has more depth to PropTech founders. The industry is at the convergence of technology, real estate, infrastructure, and public policy. Most PropTech schemes feature controlled setups, dependencies on third-party asset holders, protracted purchase or selling processes, or involvement with government agencies. These features can elevate delivery risk, compliance, and unpredictability regarding the timing of revenue, with this explaining why investors tend to subject it to greater scrutiny earlier than they would to a strictly digital software enterprise.

Investment readiness is not about perfection. Early-stage investors do not expect a pre-seed or seed-stage company to resemble a listed organisation. What they seek is clarity, control and awareness. In practice, this generally involves:

- clear ownership of the company and its intellectual property
- credible and internally consistent financial information
- awareness of relevant regulatory obligations, including data protection requirements under the Data Protection Act 2018 and UK GDPR, as set out by the Information Commissioner's Office
- evidence that the business can sell, deliver, and support its product within its target market
- governance arrangements that are proportionate to the company's stage, operating model, and risk profile

These are established expectations in UK investor readiness and due diligence models applied by accelerators, angel investors and venture capital funds. Gaps are often recognised early by using structured checklists to minimise friction in fundraising and diligence.

Investment readiness also involves knowing trade-offs. All gaps need not be bridged prior to fundraising. However, every material gap should be identified, prioritised, and explainable. Risks are typically better accepted when known, understood and proactively handled than when matters arise late in the due diligence period or indicate that management is not paying close attention. This principle is consistently reflected in UK angel and venture investment guidance.

3. Why checklists matter in fundraising preparation

Founders tend to underestimate the degree of fragmentation of investment preparedness as a company expands. Legal records tend to be with lawyers, financial planning with accountants, compliance with operations, and customer proof with sales. These strands are combined as a single, structured perspective that shows how investors evaluate risk using a checklist.

An investment readiness checklist is not a tick-box exercise when used properly. It is a realistic decision-making instrument that assists founders to evaluate their position honestly, prioritise preparation time and spend, mitigate the danger of diligence problems in late phases, and interact with investors and advisers more confidently. Structured self-assessment is a feature of UK investor readiness programmes and accelerator advice, especially ahead of seed and Series A fundraising.

For PropTech businesses in particular, checklists help address a recurring investor concern: that founding teams may be technically strong but underprepared for regulatory complexity, public sector engagement, or asset-linked risk. These issues are often not obvious in pitch materials but tend to surface during diligence, where gaps can slow or derail a transaction..

A well-designed checklist also helps founders distinguish between legal or regulatory requirements and investor convention. Not everything investors expect is required by law. However, failing to meet widely accepted conventions around documentation, reporting, or governance can still affect valuation, deal structure, or fundraising timelines. Understanding this distinction allows founders to make informed trade-offs rather than reacting under pressure.

4. Company and legal foundations

Company and legal foundations underpin every other aspect of investment readiness. If company structure, ownership, or intellectual property rights are unclear, strengths elsewhere in the business are unlikely to compensate.

At early stages, investors generally expect a properly incorporated company in good standing, an accurate and reconciled cap table, documented founder equity arrangements, and clear ownership or assignment of intellectual property. These are typically treated as non-negotiable foundations, because ambiguity at this level introduces fundamental risk for investors.

As companies approach seed and Series A, expectations tend to increase. Investors will look for cleaner share structures, formal option pools aligned with hiring plans, and clear documentation around any subsidiaries or overseas entities. Complex group structures, informal side agreements, or historic promises that are not properly documented often raise concern unless there is a clear commercial rationale and supporting evidence.

Many PropTech businesses originate from consultancies, construction firms, property groups, or corporate spin-outs. In these cases, investors will scrutinise historic relationships closely, including revenue dependencies, shared resources, and intellectual property licenses. Clear separation, documented rights, and transparent commercial arrangements are critical to establishing credibility and avoiding future conflicts.

5. Financial readiness

At early stages, financial readiness is less about historic revenue and more about financial literacy, control, and credibility.

At a minimum, founders should be able to produce up-to-date management accounts, explain their current burn rate and runway, and clearly describe how money flows through the business. A financial model should exist that links assumptions to outcomes, even where those assumptions are still being tested. Investors typically look for coherence and transparency rather than detailed precision at this stage.

As companies grow, expectations become more demanding. Forecasts should be defensible, revenue recognition should reflect contractual reality, and financial controls should be proportionate to scale and risk. By Series A, some level of external financial review or audit is increasingly expected, particularly where businesses sell into the public sector or operate in regulated markets.

PropTech revenue models are often more complex than those of pure software businesses. Long sales cycles, enterprise contracts, usage-based pricing, and public sector frameworks can all affect cash flow and revenue predictability. Investors will assess whether a company's financial model reflects these realities, rather than relying on generic SaaS benchmarks that may not apply in practice.

6. Regulatory and compliance readiness

Regulation is a defining feature of PropTech. Ignoring it is rarely viable, but investors do not expect full compliance maturity from day one.

What they do expect is awareness. Founders should be able to identify which regulations apply to their product, where responsibility sits, and how compliance will mature as the business scales.

This typically includes data protection obligations, any sector-specific licensing or registration, and relevant safety or operational standards.

Many PropTech products operate within regulated environments rather than being directly regulated themselves. Tools used by planners, housing associations, local authorities, or energy managers may not require formal authorisation, but they must function within existing regulatory frameworks. Investors will therefore assess not only current compliance, but also how regulation could affect scalability, sales velocity, or access to target markets as the business grows.

Selling to the public sector adds further complexity. Procurement rules, security expectations, assurance requirements, and longer buying cycles all influence how and when revenue can be realised. Investors generally expect founders to understand these dynamics before raising capital to pursue public sector growth, rather than discovering them mid-fundraise.

7. Business and commercial readiness

Business readiness addresses a fundamental question: can this company sell, deliver, and retain customers at scale?

At early stages, founders should be able to clearly articulate the problem they are solving, for whom, and why existing solutions fall short. This should be supported by evidence of customer validation, even if primarily qualitative, such as pilot feedback, user interviews, or early contracts.

As companies mature, investors expect traction appropriate to stage, a credible go-to-market approach, and a realistic understanding of sales cycles. Pricing should reflect how buyers actually purchase and budget, rather than founder aspiration. Clear assumptions about who buys, who uses, who signs off, and how long each step takes are especially important.

PropTech buyers are often conservative and risk-averse. Enterprise and public sector customers frequently require pilots, approvals, and compliance checks before committing. Founders who demonstrate a grounded understanding of these buying processes including where deals stall or fail tend to inspire greater investor confidence.

8. Product and technology readiness

Investors are not only backing an idea; they are backing a system that must perform reliably in real-world conditions.

At a minimum, the product should work as described. Founders should be able to explain what the product does today, what it does not yet do, and how it is expected to evolve. This includes a clear technical roadmap, an honest view of any known limitations or technical debt, and evidence of basic security and data protection practices appropriate to the company's stage. Perfection is not expected, but awareness and prioritisation are.

As the business grows, investor expectations shift toward how the technology will scale. This includes the underlying architecture, how the product handles increased data volume and usage, and whether design decisions made early on will support or constrain growth. Founders are not expected to have solved every future technical challenge, but they should be able to explain the trade-offs they have made and why.

For PropTech businesses, these questions are often more complex. Products rarely operate in isolation and commonly integrate with legacy property management systems, asset databases, building technologies, or public sector infrastructure. Investors will look for evidence that this integration complexity is understood, that dependencies are identified, and that there is a credible approach to maintaining reliability and performance as the number of customers and integrations increases.

9. Governance and risk management

Governance is often assumed to be something that only becomes relevant at later stages. In practice, it acts as an early signal of how founders make decisions, manage risk, and handle accountability as the business grows.

At early stages, governance does not mean heavy process or formality. Investors are looking for clarity rather than complexity: who makes decisions, how disagreements are resolved, and how the company identifies and manages its most significant risks. Transparency around founder roles, time commitment, and dependencies is particularly important, as concentration of knowledge or control can become a material risk as the business scales.

Even at seed stage, investors typically expect founders to be able to articulate how decisions are made, what the key operational, technical, and regulatory risks are, and how these are monitored. As companies approach Series A, expectations tend to increase. A functioning board or advisory structure even if informal becomes more important to provide oversight, challenge assumptions, and support more disciplined decision-making. The emphasis is on effectiveness rather than formality.

For many PropTech businesses, governance also extends to how the company represents its impact. Businesses operating in areas such as sustainability, housing delivery, or infrastructure efficiency often make claims about social or environmental outcomes. Investors increasingly expect these claims to be reflected in day-to-day operations, customer selection, and product design. While formal ESG reporting is not usually required at early stages, misalignment between stated impact and operational reality can raise credibility concerns during diligence.

In practical terms, founders who demonstrate strong governance at early stages can clearly explain:

- How decisions are made and documented
- Where the most significant business risks sit and how they are reviewed
- How founder responsibilities and dependencies are managed
- How stated impact or mission is reflected in operational choices

This level of clarity helps investors assess whether the business can scale responsibly without governance becoming a bottleneck or source of avoidable risk.

10. How to use an investment readiness checklist

A checklist only creates value if it is used honestly and revisited over time. Its purpose is not to present the business in its best possible light, but to surface risks and readiness gaps early, while there is still time to address them.

Founders should treat an investment readiness checklist as a self-assessment tool, not a marketing document. Start with the fundamentals that investors are least flexible on, then focus on the areas most likely to reduce friction during a fundraise. Where gaps exist, document them clearly along with any mitigation plans or timelines. In most cases, a known gap with a credible plan is acceptable to investors. An unknown issue uncovered late in diligence is far more likely to undermine confidence or delay a deal.

Using the checklist in this way also helps founders allocate time and budget more effectively. Not every item carries the same weight at every stage, and over-preparing in low-impact areas can distract from issues that materially affect valuation, deal structure, or speed.

Investment readiness is not static. What is considered good practice at pre-seed or seed stage often becomes a baseline expectation by Series A. Governance, financial controls, regulatory awareness, and documentation all tend to evolve as the business grows and takes on more external capital.

For this reason, founders should revisit the checklist regularly and involve relevant team members early. Legal, finance, product, and operations teams often hold different pieces of the picture, and misalignment between them is a common source of late-stage issues. Reviewing readiness as a team helps ensure that assumptions are shared, responsibilities are clear, and gaps are addressed before they become investor concerns.

Used consistently, a checklist becomes less about fundraising preparation and more about building a business that can absorb capital and scale with fewer avoidable surprises.

11. Common pitfalls for PropTech founders

Across many fundraises, the same types of issues tend to slow progress or introduce friction late in the process. Common examples include unclear ownership of intellectual property, underestimating regulatory or procurement requirements, overly optimistic financial assumptions, poorly maintained cap tables, and heavy reliance on a small number of founders for decision-making or delivery.

Individually, these issues are not unusual, especially in early-stage companies. Problems typically arise when several appear together, or when they surface unexpectedly during diligence. At that point, investors may need to pause, re-scope the deal, or introduce additional conditions, all of which can affect timing, valuation, or structure.

Most of these issues are avoidable with early preparation and honest self-assessment. Clear documentation, realistic assumptions, and a basic understanding of where risk sits in the business go a long way. Founders who identify weaknesses early and can explain how they plan to address them generally inspire more confidence than those who appear unaware of their own exposure.

In practical terms, reducing these risks often means:

- Clarifying IP ownership and founder agreements early
- Pressure-testing regulatory and procurement assumptions before scaling sales
- Aligning financial forecasts with actual sales cycles and contract terms
- Keeping the cap table accurate and up to date
- Reducing single points of failure by sharing knowledge and responsibility

Addressing these areas incrementally helps prevent small issues from compounding into material obstacles during a fundraise and allows discussions with investors to focus on growth rather than remediation.

12. Methodology

This article is based on an investment readiness checklist designed for UK PropTech startups raising capital from pre-seed through to Series A and later stages. The checklist is intended to reflect the types of questions and evidence investors typically look for at each stage, rather than presenting a one-size-fits-all standard.

The content draws on a range of established sources, including UK statutory and regulatory guidance, publicly available investor readiness frameworks, PropTech-focused investment research, and commonly used legal, financial, and technical due diligence practices. The aim is to align founder preparation with how UK investors and advisers tend to assess risk in practice, rather than how fundraising is often described in theory.

All regulatory and compliance references are based on the UK framework as it stood in late 2025, with consideration given to known or anticipated developments where guidance was already available. Founders should be aware that regulatory requirements evolve, and assumptions made at one point in time may need to be revisited as the business grows or enters new markets.

The checklist and accompanying guidance were developed using an investor-first perspective, with expectations adjusted by stage and specific attention given to PropTech business models. Practices that are outdated, no longer widely used, or unlikely to be relevant to modern PropTech companies were intentionally excluded. Founders should use the checklist as a reference point and adapt it to their own operating context, rather than treating it as a definitive or exhaustive standard.

13. Sources & further reading

- Companies House
  https://www.gov.uk/government/organisations/companies-house
- HM Revenue & Customs (HMRC)
  https://www.gov.uk/government/organisations/hm-revenue-customs
- Information Commissioner's Office (ICO)
  https://ico.org.uk
- GOV.UK guidance (employment, regulation, procurement)
  https://www.gov.uk
- Data Protection Act 2018
  https://www.legislation.gov.uk/ukpga/2018/12/contents
- UK Business Angels Association (UKBAA)
  https://www.ukbaa.org.uk
- British Business Bank
  https://www.british-business-bank.co.uk
- SETsquared Partnership – Investor readiness guidance
  https://www.setsquared.co.uk
- Development Bank of Wales – Investor readiness resources
  https://developmentbank.wales

- Legal Nodes – Startup legal and diligence guidance

  https://www.legalnodes.com
- BVCA (British Private Equity & Venture Capital Association)

  https://www.bvca.co.uk
- ICO guidance on UK GDPR and data security

  https://ico.org.uk/for-organisations
- RICS (Royal Institution of Chartered Surveyors) – Standards and guidance

  https://www.rics.org
- Cyber Essentials (UK Government-backed scheme)

  https://www.cyberessentials.ncsc.gov.uk
- Crown Commercial Service – Public sector procurement frameworks

  https://www.crowncommercial.gov.uk
- Local Government Association – Digital and innovation context

  https://www.local.gov.uk