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Access up to £250,000 through our Co-investment Fund

The East of England Co-investment Fund can help early stage and growing businesses obtain much needed investment capital to develop new opportunities.

The fund has been created to support businesses located in or moving to areas in need of support in the East of England.

These areas are called and referred to as 'Objective 2 areas' throughout this site.

The fund can invest between £25,000 and £250,000 alongside private investment.

This fund is designed for companies with viable business propositions, who are looking for investment capital to finance their growth plans and are keen to 'team up' with a private equity investor, who will often bring skills and experience as well as money.

Whether you are a company, an investor or an intermediary, there is something for you.

Companies looking for finance

What is it?

If you are an eligible business (see criteria) seeking start-up or growth finance of up to £500,000, the Fund can offer co-investment capital to help attract the full amount of investment you need.

It has been set up with money from the European Regional Development Fund and can co-invest in businesses that have secured a conditional offer of finance. Support is available to help develop your financial proposals and to introduce you to appropriate investors.

Who will benefit?

This Fund is designed for companies with viable business plans who are looking for investment capital to finance their growth plans and are keen to 'team up' with a private equity investor who will often bring skills and experience as well as money. (see criteria)

How it works

If you are already in discussion with a private sector investor and think your proposition will qualify, you should contact your local Business Link Adviser immediately. If you have not yet identified an investor or are still developing your growth/start-up proposals, our networks may be able to help you. Please contact your local Business Link Adviser as listed.

The three key benefits for companies are:

- access to equity fund that is able to invest between £25,000 - £250,000 per proposition. (a follow-on investment up to a further £250,000 can also be considered)
- funding that is available for companies located in or relocating to the East of England Objective 2 areas. Check if are you in an Objective 2 area
- access to private equity investors

The Fund is managed by NW Brown Ventures Limited, which is authorised and regulated by the Financial Services Authority. [Read about seed funding at the NW Brown Group website.](#)

Are you looking to invest?

The East of England Co-Investment Fund could be the answer for you.

Via the East of England Co-investment Fund, we can put you in touch with businesses with good

growth potential. The Fund matches equity investments offered by private investors and Business Angels sharing investment risks and strengthening the investment balance sheet.

It will co-invest in eligible ventures to ensure adequate funds are available at acceptable levels of risk. The Fund will generally invest on a market basis in line with the investor.

Subject to investment criteria, the Fund will generally follow the commercial judgement of the investors and can initially invest between £25,000 and £250,000 per proposition - with discretion to invest up to 60 per cent of the total investment.

The Fund is also able to participate in further funding rounds with up to £250,000 of additional capital on similar principles.

Investors who are happy to invest funds into companies in the East of England Objective 2 areas for potentially high returns and who may also wish to bring their skills and experience to those companies in order to help them grow and prosper should contact our Business Information Line on Tel 01727 813 747 for more details.

Three key benefits for investors are:

- the sourcing of investment opportunities
- the sharing of investment risk
- access to a Fund that can invest alongside you, largely on your terms

The Fund is managed by NW Brown Ventures Limited, which is authorised and regulated by the Financial Services Authority.

For more details contact our Business Information Line on Tel 01727 813747 or email us at

info@investeast.co.uk.

The benefits for intermediaries

Intermediaries, are your clients looking for finance? The East of England Co-investment Fund may be the answer.

The Fund is available to match equity investments offered by private investors and Business Angels, sharing their investment risk and assisting businesses to raise the capital they need for new growth and expansion.

What is it?

The Fund has been set up by the East of England Business Links, with money from the European Regional Development Fund.

The Fund can invest between £25,000 and £250,000 per proposition and can co-invest in businesses that have secured a conditional offer of finance from a private sector investor with discretion to invest up to 60 per cent.

Who will benefit?

The underlying purpose of the Fund will be to make simultaneous supporting investments in eligible businesses (see Criteria), backed by individual private investments. Investments must fall within Objective 2 areas within the East of England.

The three key benefits for intermediaries are:

- that the Fund invests alongside private equity investors
- the doubling of the capacity of funds available/spreads risks
- helping you provide another source of finance for your clients

The Fund is managed by NW Brown Ventures Limited, which is authorised and regulated by the Financial Services Authority.

Criteria and investment policy

The East of England Co-Investment Fund (COIN) has been created to support the sustainable growth of SMEs which will benefit the most deprived economies of the East of England ('Objective 2' and 'transitional' areas).

It is managed by NW Brown Ventures and administered by East of England Business Links Limited.

The commercial aims of the fund are to optimise the long-term impact of the fund on the O2 area economies rather than just the pursuit of capital gain.

The investment strategy of the fund is to rely upon the commercial judgement of independent private sector investors and to co-invest on terms which are most likely to result in successful growth of the applicant business and lead to a viable realisation.

Essential criteria for the Co-investment fund

1) The applicant must demonstrate that the investment will be of benefit to the economy of an East of England Objective 2 area. The following factors will be taken into account in making such assessment:

- Applicant's domicile within an O2 area
- Trading base within an O2 area
- Significant part of workforce drawn from an O2 area

Direct and focussed other economic benefit to O2 area (to be justified)

2) The venture must have had an offer of equity investment for at least 40 per cent of the proposed round from an arms length private sector investor ('arms length' is commercially independent of the applicant company and free to make an objective and unbiased investment decision in that company). Relationships affecting 'arms length' status include but are not limited to the following:

- Close family relationship with the majority shareholder(s)
- Prior contractual or other commercial relationships with the applicant company and/or its majority shareholders
- Shareholding in the applicant company prior to this investment round

3) The offer of private sector investment must be genuine, expressed in writing and be for an investment of at least £25,000 for the purchase of equity in the venture.

4) Small and Medium Sized Enterprise status. SMEs are independently owned enterprises with fewer than 250 employees, with an annual turnover not exceeding £25 million and an annual balance sheet total of less than £16.5 million (subsidiaries with over 25 per cent parent ownership are assessed as part of the overall group).

Investment criteria

The Fund is looking for businesses with a compelling business proposition, a competent management team, and the potential to deliver investment returns. The Fund Manager will also take the following into account:

1) There must be a well-argued potential to achieve financial sustainability before running out of funds invested in this round, or to demonstrate realistic potential for securing follow-on funding, which would take the investee to the break-even point.

2) The valuation on which the private investment will be matched must be judged to be reasonable and in line with accepted industry norms.

Investment size and terms

1) The Fund will initially invest between £25,000 and £250,000 (the overall deal size is unlimited).

The Fund can also make follow-on investments, but only up to an overall €750,000 per investee. Any follow on investment will be subject to the same rules as the initial investment.

2) The arms length private sector investment must represent a minimum of 40 per cent of the total monies to be invested and wherever possible should represent a higher percentage. 'Private investment' includes individual, corporate or institutional investors who do not have capital funding from public sources.

3) Investments will be by means of equity, preference shares, unsecured loan stock, convertible and secured loans. The exact mix of investments will be tailored to meet the circumstances of each individual deal.

4) There will be no subordination of investment returns, and the Fund will not take a 'first loss' position on any investment.

5) If any other equity investees are deemed to be 'State aided' (over the de minimis limit in the previous three years), the combined investment at the time will not exceed €750,000.

6) Investment will not be used for rescues where, at best, the likelihood is that the investment will merely defer the eventual demise of the business.

7) Investments will only be made in projects which are legal, moral and ethical.

8) Applications will be considered from all eligible sectors. However, businesses from the East of England's priority sectors and clusters will be particularly encouraged. Reasonable steps will also be

taken to secure that investments are made compatibly with the ERDF crosscutting themes concerning Equal Opportunities, Environmental Sustainability and Information and Communication Technology.

9) It must be noted that the Fund is fully discretionary, with the authority to accept or reject investments applications within the remit as it sees fit.

Post investment

As an investor in the applicant company, the Fund, represented by the Fund Manager, will participate in the development of the investee which will generally require appointment of a Non-Executive director representing the Fund. The Fund will also require comprehensive monthly, quarterly and annual reporting to be put in place.

As the investee grows, there may be need for a further investment round, in which the Fund can participate as set out above. In agreement with all investors, the fund will actively review options for realisation of the fund's investment and, as appropriate, assist with development and execution of the exit strategy.

NB. Whilst every effort is made to assist companies in obtaining investment, no guarantee can be made that any funding will be made available until any application has been fully considered and agreed.

Contact details for the Business Link offices

1 - BUSINESS LINK FOR BEDFORDSHIRE AND LUTON

Tel 0845 850 8822

Fax 01582 522 450

Email info@chamber-business.com

[Read about Business Link for Bedfordshire and Luton at the BL Beds and Luton website.](#)

2 - BUSINESS LINK FOR CAMBRIDGESHIRE

Tel 0845 609 7979

Fax 01480 846 478

Email enquiries@cambs.businesslink.co.uk

[Read about Business Link for Cambridgeshire at the Business Link for Cambridgeshire website.](#)

3 - BUSINESS LINK FOR ESSEX

Tel 0845 717 16 15

Fax 01245 241 500

E-mail info@bl4e.co.uk

[Read about Business Link for Essex at the BL4E website.](#)

4 - BUSINESS LINK HERTFORDSHIRE

Tel 01727 813 813

Fax 01727 813 706

Minicom Users 01727 813 555

Email questions@mybusinesslink.co.uk

[Read about Business Link Hertfordshire at the My Business Link website.](#)

5 - BUSINESS LINK FOR NORFOLK

Tel 08457 218 218

Fax 01760 726 727

Email success@businesslinknorfolk.co.uk

[Read about Business Link for Norfolk at the Business Link Norfolk website.](#)

6 - BUSINESS LINK FOR SUFFOLK

Tel 08457 254 254

Fax 01473 417 070

Email info@bls.org.uk

[Read about Business Link for Suffolk at the BLS website.](#)

The Fund is managed by NW Brown Ventures Limited, which is authorised and regulated by the Financial Services Authority.

The different stages of the investment process

Despite inevitable variance between deals, the East of England Co-investment Fund (COIN) investment process will typically include the following stages:

Stage 1

An SME Company seeking external investment secures at least 40 per cent of required funding from arms length private investors, or contacts their local Business Link Adviser or East of England Business Links Limited (EEBL) who may be able to assist with finding the necessary private investor.

Stage 2

The Company applies for a co-investment from COIN, via its local Business Link or EEBL. The application includes information about private committed capital and a business plan, with detailed financial forecasts clearly indicating cash flows and sources of future external funding, if they are necessary. Terms to be agreed with the private investors prior to contacting COIN must include:

- the amount and investment instrument
- a valuation (at least indicative)
- the extent of the investor's intended management involvement

Stage 3

EEBL reviews the proposal to check whether the application is complete, and whether the prospective investee is a beneficiary to the economy of an East of England Objective 2 area.

Stage 4

NW Brown Ventures (the Fund Manager) reviews the proposal to check whether the prospective Investee complies with the investment criteria, and collects further information about the business of the Company, which in the majority of cases will involve a meeting with the Company and some background research.

The Fund Manager is also likely to contact prospective investors to discuss their intentions, as well as preferences for terms of investment.

Stage 5

The Fund Manager, applying the investment criteria and their discretion, makes a primary decision whether COIN would be likely to join the investment round, subject to agreement on terms and satisfactory due diligence.

Stage 6

A set of detailed investment terms ("Term Sheet") is issued by the syndicate of investors and COIN, primarily based on the terms initially agreed between the private investors and the future investee.

Stage 7

Due Diligence. The Fund Manager will co-ordinate its own due diligence with the other investors (utilising existing due diligence by private investors when possible). Lawyers are instructed to draw up the legal documentation, as per the agreed Term Sheet. This process to completion usually takes between two weeks and two months.

Stage 8

The Fund Manager will then present the results of satisfactory due diligence and final terms to the

Fund Administrator, who checks that the process is fully completed and releases the funds to an escrow account.

Stage 9

Funds are invested simultaneously with other investors at a completion meeting held at the solicitor's offices. In exceptional circumstance when not possible otherwise for practical reasons, COIN may invest up to two months after the private investors.

NB. At any stage of the process you are welcome to discuss any queries you may have with your local Business Link Adviser who will be happy to help you obtain appropriate funding.

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Business Link Hertfordshire

08457 17 16 15

Related guides on businesslink.gov.uk

Find your local office to discuss the Fund

Related web sites you might find useful

Read about seed funding at the NW Brown Group website

http://www.nwbrown.co.uk/seed_funding/

You can find this guide by navigating to:

Home > Finance and grants > Access up to £250,000 through our Co-investment Fund

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