

South West Clean-tech Co-investment Fund

A new source of funding for low carbon business is now available in the South West of England. The South West RDA has invested £2.5m into the South West Clean-tech Co-investment Fund. Crucially, it will provide access to growth capital for entrepreneurs and early stage businesses looking to develop low carbon technologies and innovations.

The Fund provides a co-investment of between £50,000 and £100,000 to businesses based in the South West which are carrying out an eligible 'clean-tech' activity. The investment provided by the Fund will be made as a loan (of up to five years). A key distinguishing feature of the Fund is that it will only invest alongside private investors or small Venture Capital firms (Keystone Investors) who are both knowledgeable about the sector and have a track record in making business investments.

Keystone Investors should have:-

- A demonstrable and successful track record of Business Angel / Venture Capital investing
- A profound and demonstrable understanding of the sector in which the applicant business operates.
- An arm's length relationship with the business
- Been accepted as a member of SWAIN
- Self certified as either a High Net Worth or Sophisticated Investor (FSA requirement)

Keystone status is applicable on a case by case basis i.e. a Keystone Investor with experience in recycling might not be considered to be a Keystone Investor for power generation.

Clean-tech business should:-

- Be based in the South West
- Operate in the "clean-tech" sector (confirmed by REGEN SW)
- Have a Keystone Investor investing equity into the business
- Have agreed to become a SWAIN business opportunity and to have completed the standard SWAIN application process

Co-investment Format:-

- Loan of up to 5 years
- Debenture security with priority to existing lenders negotiable
- Interest fixed at 10% for 3 years with rate review for the final two years
- Bullet repayment of capital and interest at anytime
- On early repayment interest will be payable calculated up to the next interest review date

Fees:-

- Fund 2% arrangement fee and 1% annual monitoring fee
- SWAIN standard fees applicable to both investors and companies

Process:-

- Both companies and investors should contact and register with SWAIN via their website www.swain.org.uk
- Only when an eligible Keystone Investor has agreed outlined terms with an eligible Clean-tech company can a formal application be made to the Fund.