



Capital for Enterprise Fund - Outline Description

The Fund

The fund will invest through professional commercial fund managers (most likely two) who will operate within the recognised equity gap within the UK, specifically making investments of between £250,000 and £2m into businesses which meet the EU's SME definition. Investment will be aimed at fundamentally sound businesses with existing cash flows and genuine growth potential but which are currently constrained through being over-gearred. The fund will offer equity or mezzanine investment aimed at releasing and sustaining that growth potential. The fund is not intended as a rescue facility for struggling businesses.

A Government commitment of £50m will be invested pari-passu with a contribution of £25m from four banks. The private funding will be drawn down and invested pro rata with the public money, both Government and private funding will face the same proportionate fees, charges, profits and risk of loss

The fund managers to be appointed will have to meet all the usual standards of propriety and regularity in making investments which will include a restriction on investing in businesses whose operation could embarrass, or fall outside the investment mandates of the Government or its partners.

Until fund managers are appointed, interested businesses should telephone **0845 459 9780**. CfEL is putting in place experienced corporate finance managers to handle the responses.