

ECT DISTRIBUTION STRATEGY 2015–16

Supporting a positive, prosperous and attractive community...

PROSPEROUS: CREATING REGIONAL ECONOMIC GROWTH OPPORTUNITIES.

We believe a strong economy is healthy for the wellbeing of our region.

CONTESTABLE FUND

OBJECTIVES FOR FUNDING

- We believe a strong economy is healthy for the wellbeing of our region.
- We want to support and develop a region that attracts more people to work and do business here.
- We want to create a pool of contestable investment funding that is used to provide capital and/or loans to:
 - Retain and expand existing businesses.
 - Foster the establishment of new businesses.
 - Attract outside business and resources to our region.
 - Plug market failures in the local economy.
 - Connect our region to markets and markets to our region.
- The fund is to increase:
 - The employment count with more sustainable jobs.
 - The number of sustainable, higher paid jobs.
 - The number of people in employment.
 - The diversity of businesses in our region.

PREFERENCES FOR FUNDING

- Investments which recycle capital back to the Trust.
- Investments where ECT is contributing 50% or less of the total cost.
- Sectors with high revenue and employment multipliers.

HOW THIS WILL WORK

Contestable investment pool.

- The contestable fund will receive investment applications on an open basis.
- Applications will be made to the Trust direct.
- To be considered, each investment needs to have some private equity involved.
- Criteria is being based on four components:
 - a) Organisation and capability to execute
 - b) Investment proposal
 - c) Outcomes
 - d) Return on investment

WHAT IS LIKELY TO BE CONSIDERED?

- Projects where the private sector investment doesn't meet the investment threshold i.e. market failure is apparent.
- Social enterprise projects that have non-economic objectives as their primary objective which use commercial activities to meet their funding needs.
- Capital/equity investment into public or private companies.
- Debt investment into public or private companies.
- Feasibility studies.
- Investigations and research.

WHAT IS UNLIKELY TO BE FUNDED?

- Projects that don't forecast positive returns over time.
- Projects where the ECT is the only capital source.

THE DECISION MAKING PROCESS

Applications will be received as they come in. Bearing in mind commercial decisions often require some expediency the Trust will handle these as quickly as possible.

- i. Applications received.
- ii. Assessed internally and research completed.
- iii. Initial analysis done through the assessment criteria.
- iv. Expert advice sought.
- v. Due diligence completed if necessary.
- vi. Presentations and discussions or negotiations.
- vii. Papers presented to the board.
- viii. Board request for further information or final decision made.

PROJECTS WILL BE ASSESSED ON

- Organisational
 - What the entity is and the key individuals to the entity and/or investment.
 - Business history.
 - Financial position and accounts.
 - Strategic plan.
- Investment application based
 - Business / investment case.
 - The economic impact that it will have.
 - Identification and definition of the market failure or other reasons you think ECT and the region would benefit from investing.
 - Investment proposition including exit strategy for ECT.
 - Project economic and social returns.

PROJECT SPECIFIC – BUT MAY TAKE EIGHT WEEKS