

## **Creative Growth Finance**

Creative Growth Finance is a landmark fund providing vital scale up finance to the UK's most promising creative businesses. Finance will be directed to post-revenue creative businesses presenting promising growth potential and who:

- bring change, disruption and new IP to the creative industries
- harness creativity with technologies and supporting businesses
- are talent led

### **Our offer:**

Loans of £100,000 – £500,000

Capital repayment holiday of 6 months

Fixed interest rates from 7% – 15%

Repayment terms up to 4 years

Initial decision to progress within 3 days

5% management fee will be charged on payment of the loan

### **To be considered for a Creative Growth Finance Loan your company must:**

- be registered in the United Kingdom
- operate within the creative industries
- have minimum annual revenues of £300,000
- have at least one year of accounts filed at Companies House

## **Creative Growth Finance Business Loan FAQs 2019**

### **What is the Creative Growth Finance Debt Fund?**

We believe in the power of creative thinking and invest in businesses with widespread influence across sectors, film, TV, Media, immersive and video games, advertising & marketing, digital & creative tech and creative software solutions, Fashion, Architecture, Music and Publishing.

Unlike traditional lenders who focus on where you have been, we are interested in where you are going, and consider your growth story when considering affordability. We are a trusted and credible source of finance with a very strong track record. We are a responsible lender and offer a fair, honest and transparent fee structure. Taking on debt allows creative businesses to grow without having to give away large parts of their business to equity funding.

### Who can apply?

Established creative companies based in the United Kingdom. The Debt fund is targeted at companies looking to scale-up and grow and is therefore not suitable for pre-revenue start-ups.

### What do we mean by the 'Creative Industries?'

We mean businesses working in Film, TV, Media, Immersive and Video Games, Advertising & Marketing, Digital & Creative Tech, Creative Software Solutions, Fashion, Architecture, Music, Publishing.

### How much is available?

Loans range from £100,000 to £500,000.

### Are the loans secured through Personal Guarantee?

We do not ask for Personal Guarantees as a standard, we secure our loans through a debenture against the business. Although if you wish to discuss a Personal Guarantee with us, please include that in your application.

### What are the rates of interest?

Interest rates range from 7% - 15% depending on your risk profile and the repayment term.

### What are the repayment terms?

Repayment terms can be up to a maximum of 4 years. We offer flexible repayment schedules; repayments can be arranged as monthly, quarterly or annually.

### What are the fees?

We ask every successful applicant to pay a small arrangement fee of 5% of the loan value. This is charged to cover assessment, due diligence, legal, and administration costs.

### What might the final deal look like?

In the same way each company within the creative sector is different, each loan agreement and deal through CGF is slightly different too. The final loan will include an agreed interest rate (assessed based on the level of risk the loan to your company poses), along with an agreed term of repayment. This is a secured loan, so we always take a debenture against the company to secure this debt against. If you would rather discuss a Personal Guarantee instead of a debenture, we are open to this discussion so

please include this in your application. There is always a standard 5% fee too, invoiced to you after you have received the full loan payment. In some cases, we might also include some additional upsides or warrants within the loan terms. Again, these will be bespoke to your company, but could be structured along these lines:

**Equity Warrant:** Where you will issue us a certificate which will give us a right to subscribe for shares at a stipulated strike price and at a specific time or event. **Redemption Premium:** Where you may be asked to pay a redemption premium when the loan is fully paid to reflect the interest rate offered and risk profile of your company.

### What are the criteria?

To apply, companies must:

- be small and medium sized enterprises incorporated and registered in the United Kingdom
- operate within the creative sector as outlined above
- have a strong commercial proposition
- have been trading for at least two years, with identifiable revenues and customers as proof of traction.
- have minimum annual revenues of £300,000
- have at least one year of accounts filed at Companies House
- pass our eligibility, due diligence and affordability test

### Is match required?

No. Unlike previous funds, we will not require you to match our investment. However, investments that offer the opportunity to co-invest and share due diligence with co-investment partners are attractive.

### How are companies assessed and will due diligence be carried out?

A due diligence process will be conducted on every investment. This will include company searches and may require personal searches on company directors.

We will review each application with the following points and questions in mind:

**Customer Due Diligence** - we find out about each company, trading history, press search, insolvency search

**Management and Governance Review** – Who are the key members of the team? What is their experience? Is there a proven management team, board and/or advisors? Are suitable governance mechanisms in place?

**Commercial review** – How does the business make money? Can it demonstrate a clear and robust pipeline? Who are its competitors?

**Financial review** - Is this a viable and profitable business? Does it have a good track record and demonstrate affordability? What is the company's ability to meet its liabilities and how solvent is the company? Can the applicant afford to repay the debt?

Will I need to prepare anything to apply?

We will be asking you to provide the following information as part of the application process:

- 2 year monthly integrated financial forecast (Inc. profit and loss, cash flow, balance sheet forecasts and assumptions summary)
- A copy of your up to date company management accounts. This needs to include company performance, employment changes, cash summaries, P & L and Balance sheet position
- At least 1 year of company filed accounts at Companies House
- Where available an IP & Asset Register
- Company Capitalisation Table

What is the decision process?

After completing the initial eligibility questionnaire, you will be directed to an Expression Interest where we ask what it is you looking for from the debt fund and for some top line financial information. The Investment team will review this and make a decision within 3 days. If suitable, we will invite you to submit a full application.

Once you have submitted your application, we will undertake a due diligence review, working with internal and external experts to take a position on your suitability for investment. We will also ask you to attend a virtual advisory board meeting, where we will ask you to discuss your proposal with us and some external experts. All final investment decisions are reviewed by our Credit Committee, which meets virtually as and when the need requires it.

How long does the process take?

We aim to give you a decision in 4 weeks.

How do I apply?

Follow the Apply Now link on the investment webpage or click the link below to go to our online application system. You will need to register and create an account in order to apply.

<http://applications.creativeengland.co.uk/application/278>