



British
Business
Bank

Northern
Powerhouse
Investment Fund II

Nations and Regions Investment Funds

Request for Proposals:

Northern Powerhouse Investment Fund II

June 2023

Version 1.0

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Glossary

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| ‘Allocation Policy’ | A policy which governs allocation of investments between funds with common or overlapping strategies. |
| ‘British Business Bank’ or ‘the Bank’ | The UK government’s economic development bank, means the British Business Bank plc and its relevant subsidiaries |
| ‘Devolved Nations’ | The devolved nations of Scotland, Wales and Northern Ireland. |
| ‘Due Diligence’ or ‘DD’ | The comprehensive appraisal of Proposals that will be undertaken by the Programme team following initial analysis of the Proposal and prior to progressing to Investment Committee. |
| ‘ESG objectives’ | The Bank’s Environmental, Social and Governance objectives specifically in relation to supporting the transition to a net zero economy and reducing gaps in access to finance by location, gender and ethnicity. |
| ‘FCA’ | The Financial Conduct Authority or any successor or replacement authority responsible for the authorisation or regulation of the business of the Manager. |
| ‘Fund Manager’ or ‘Manager’ | Organisations whose business is to manager private loan or equity funds and who may be appointed to run sub-funds within the NRIF Programme. |
| ‘General Partner Share’ | The management fee payable to the General Partner to enable the running of the Investment Fund(s). |
| ‘GPS Retention’ | The portion of the management fee held in escrow that the Bank will release on achievement of certain targets |
| ‘GHG emissions’ | Greenhouse Gas Emissions will need to be reported annually by the Fund Manager in accordance with reporting requirements. |

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| ‘Innovative business’ | A business looking to develop brand new products processes or ideas, or to approach existing products, processes or ideas in new ways to create additional value. |
| ‘Investment Funds/ Sub-fund(s)’ | The Nations and Regions Investment Funds and sub-funds in the respective Fund geographies. |
| ‘Investment stages’ | A spread of investment activity will be encouraged from the Funds across agreed investment stages including start-up, early stage, expansion and growth. |
| ‘Investor’ | Nations and Regions Investments Limited (‘NRIL’), a subsidiary of the Bank, will act as the Investor for the purposes of the Programme. |
| ‘Investor Consent’ | The written consent of the Investor under the LPA. |
| ‘Investor Reserve’ | Portion of the fund held back to give the Bank flexibility to adapt to changing market conditions and to reflect performance of the funds. |
| ‘Investment Period’ | The first 5 years of the fund during which the Fund can make new investments. |
| ‘IOGs’ | The Investment and Operational Guidelines that form part of the LPA for each Sub-fund and outline the investment strategy, incentives, targets and restrictions the funds will operate within. |
| ‘Key Person’ | Key person(s) who are integral to delivering the Investment Funds/Sub-Funds and are suitably qualified and possess the knowledge, experience and capability to do so. These will be referred to in the LPA as “Named Executives”. |
| ‘KPIs’ | Key performance indicators |

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| ‘LPA’ | Limited Partnership Agreement, a legal agreement governing the fund and the relationship between the investors (or limited partners) and General Partner who is responsible for the management and operations of the fund. |
| ‘NPIFII’ | Northern Powerhouse Investment Fund II |
| ‘NRIF’ | Nations and Regions Investment Funds |
| ‘NRIL’ | Nations and Regions Investments Limited, a subsidiary of the Bank, that will act as the Investor for the purposes of the Programme and will make the commitments to the sub-funds. |
| ‘PRA’ | Prudential Regulation Authority is a United Kingdom financial services regulatory body, formed as one of the successors to the Financial Services Authority. |
| ‘Private co-investment’ | Private co-investment will cover all private capital invested alongside initial investments from the fund as part of the same funding round. |
| ‘Private leverage’ | Private leverage will cover both private co-investment (defined above) and all private capital raised after a company receives a loan or investment from the fund (up to the sooner of the end of the realisation period of the fund or two years following realisation of a specific investment). |
| ‘Proposal’ | A Proposal from the Respondent in response to the Request for Proposals document highlighting how they meet the Programme Objectives and Investment Criteria. |
| ‘Respondent’ | The party submitting a proposal in response to the Request for Proposal document. |
| ‘RfP’ | Request for Proposals document for the Nations and Regions Investment Fund programme |

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| ‘SBTIs’ | Science Based Targets Initiative as defined here , helps to show organisations how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the effects of climate change. |
| ‘SMEs’ | Small & Medium-sized Enterprises (or Companies), as defined under the Companies Act 2006 |
| ‘The Offer’ | The Programme team will issue an Offer Letter and Term Sheet to the successful Respondent(s). The Offer will be subject to final Due Diligence and will include a deadline following which the offer will lapse. |
| ‘The Programme’ | The Bank’s Nations and Regions Investment Funds Programme |
| ‘The Programme Team’ | The team within the Bank running the Nations and Regions Investment Funds Programme |

1. Introduction

1.1 British Business Bank

The British Business Bank (the 'Bank') is a government-owned economic development bank that makes finance markets for smaller businesses work more effectively. Our aim is to drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, by supporting access to finance for smaller businesses.

The Bank designs programmes that provide funds and guarantees to private sector partners, enabling them to finance a greater number of smaller businesses, either through debt or equity. It uses economic evidence so that its programmes address market failures affecting smaller businesses across the economy. It also works to improve smaller businesses' awareness of the finance options available to them.

The Bank's programmes are supporting around £11bn of finance to over 93,000 smaller businesses. These programmes are designed to bring benefits to businesses that are start-ups, businesses with high growth potential that are looking to scale up, and those businesses looking to stay ahead in their market.

1.2 Nations and Regions Investment Funds Programme

On 27 October 2021, the Government announced its plans for spending over the next three years, commencing from 2022/23. This included a number of measures to support smaller businesses, to be delivered by the Bank.

The Government recognised the success of the Bank's existing regional funds – the Northern Powerhouse Investment Fund, the Midlands Engine Investment Fund, and the Cornwall and Isles of Scilly Investment Fund – as well as the Northern Ireland Growth Finance Fund and made a £1.61bn commitment to a next generation of funds.

This will ensure the Bank increases funding to the Northern Powerhouse and Midlands Engine areas and supports a Fund to cover the whole of the South West of England (building on the existing Cornwall and Isles of Scilly Investment Fund). The Bank will also set up new Funds in each of the Devolved Nations.

The £1.61bn commitment to the Nations and Regions Investment Funds (NRIF) has been allocated according to the following split:

- £660m for the Northern Powerhouse Investment Fund II ('NPIFII'), expanded to include the North East of England
- £400m for the Midlands Engine Investment Fund II ('MEIFII')
- £200m to provide a South West Investment Fund ('SWIF'), building on the Cornwall and Isles of Scilly Investment Fund ('CloSIF')
- £150m to provide an Investment Fund for Scotland ('IFS')
- £130m to provide an Investment Fund for Wales ('IFW')
- £70m to provide an Investment Fund for Northern Ireland ('IFNI')

The NRIF Programme (the 'Programme') seeks to operate in line with the Bank's mission to drive sustainable growth and prosperity to address regional disparities in the small business finance market and to promote greater choice in the supply of finance to smaller businesses. It will do this by allocating funding to sub-funds within each nation/region, across multiple finance types (Equity/Debt/Smaller Loans).

Proposals are invited to be made by Fund Managers with experience and track record of funding viable Small and Medium Enterprises ('SMEs') that are looking to grow. Proposals will be considered from Fund Managers that are already active in the nation/region as well as from those who can demonstrate the relevant experience/track record and can evidence their ability to establish a presence and build a pipeline of opportunities in the nation/region.

When formulating Proposals, Respondents should consider the application process and assessment criteria set out in Sections 2 and 3 of this Request for Proposals ('RfP').

1.3 Overarching Programme Objectives

It is expected that any Proposals for Programme investment sub-fund(s) should be aligned to the Programme objectives, that the funds will:

- increase the supply and diversity of early-stage finance for UK smaller businesses, providing funds to firms that might otherwise not receive investment and helping to reduce disparities in access to finance
- be run in a commercially sustainable way to promote a shift away from an expectation of public sector grants towards a culture of borrowing and investing for growth
- drive sustainable economic growth through supporting new and growing businesses across the UK with an inclusive approach to all eligible sectors

- have a demonstrable presence across the relevant geographical area linking up the finance community to increase reach and create an impact beyond the funds, helping to boost productivity, innovation and jobs
- be delivered in accordance with the Bank’s Environmental, Social and Governance (‘ESG’) objectives including net zero and diversity & inclusion

The Programme investment sub-fund(s) will also need to:

- meet agreed KPIs and reporting requirements
- comply with the UK Subsidy Control Rules and EU State aid rules (where applicable) and other regulatory requirements
- provide value for money and generate a return from investment that could be used to support similar objectives across the UK in the future

In support of ESG objectives, there will be diversity and inclusion (D&I) and climate change reporting requirements in the Programme. In regards to the emerging area of climate change reporting climate related disclosure requirements are growing and will eventually be applicable across the economy. The UK’s proposed Sustainability Disclosure Requirements (SDRs) are being developed as part of the Government’s [‘Roadmap to Sustainable Investing’](#). As part of our aim to drive sustainable growth and prosperity across the UK, and to enable the transition to a net zero economy, the Bank has committed to the Science Based Targets Initiative (“SBTi”, <https://sciencebasedtargets.org/>) and has pledged to set targets for greenhouse gas (“GHG”) emission reductions across our portfolio. The Bank intends to start reporting on its financed emissions from late 2023 and will therefore require its delivery partners to report annually on their financed GHG emissions. We intend to work with Fund Managers who can demonstrate they have credible plans, to report on their own portfolio emissions and to enable portfolio companies to transition towards net zero. Regulation around emissions reporting is fast changing, and the Bank will work with delivery partners throughout this journey.

In line with impacts demonstrated by the evaluations of the Bank’s existing regional funds, these new funds are expected to deliver:

- i. Investment into innovative businesses
- ii. Increased support for Research & Development
- iii. New skilled jobs and upskilling the existing workforce
- iv. Support for smaller businesses to transition to a net zero economy
- v. Investment in more productive and profitable, growing businesses.

1.4 Subsidy Control / State Aid

The Investment Funds are intended to operate on the basis whereby the investments made by each Investment Sub-fund does not amount to subsidy or State aid under the UK subsidy control rules or EU State aid rules as applicable. This will be achieved through investments being made in compliance with the requirements of the Commercial Market Operator ('CMO') or Market Economy Operator ('MEO') principles (as applicable) as shall be specified in the IOGs that will form part of the LPA for each Investment Sub-fund.

1.5 Northern Powerhouse Investment Fund II Overview

Overview

The Bank has undertaken significant economic analysis to identify the finance market needs in each of the Programme investment fund geographies. This analysis, taken together with stakeholder feedback and the evaluations of prior regional funds, has been used to inform the overall investment strategy as well as the size and geography of the proposed Northern Powerhouse Investment Fund II ('NPIFII') Programme sub-funds.

Access to Finance Challenges across the Northern Powerhouse region

SMEs operating in the Northern Powerhouse region face a range of place-based market failures that influence their ability to access finance. These market failures impact both the supply and demand-sides of the market and contribute to businesses missing out on the potentially transformative impact of external finance.

Although the Northern Powerhouse hosts 19% of UK businesses, these businesses have typically attracted less than their share of UK funding flows in important finance types such as equity investment and private debt lending. Northern businesses attracted only 6% of publicly announced SME equity investment between 2018 and Q3 2022; the share of bank lending in 2022 was 17% with private debt at around 15%. Only the North East is over-represented in lending by the large banks, which is partly explained by economic structure.

NPIFII is designed to help reduce these imbalances. Through appointing professional Fund Managers, making suitably scaled financial commitments and tasking them with building deal flow, NPIFII aims to make a significant impact on the prospects for ambitious businesses across the North.

Key to delivering this impact will be finding and developing ambitious businesses across the NPIFII fund area. In common with the rest of the UK, the region has a number of demand-side challenges. Only a

minority of businesses in the region are happy to use finance to grow, less than 30% have a formal written business plan and around the same proportion have a financially trained or qualified financial decision maker. Four in 10 registered businesses in the region are located in areas below median business density which will require Fund Managers to demonstrate how they will effectively reach across the whole fund area to ensure successful deployment.

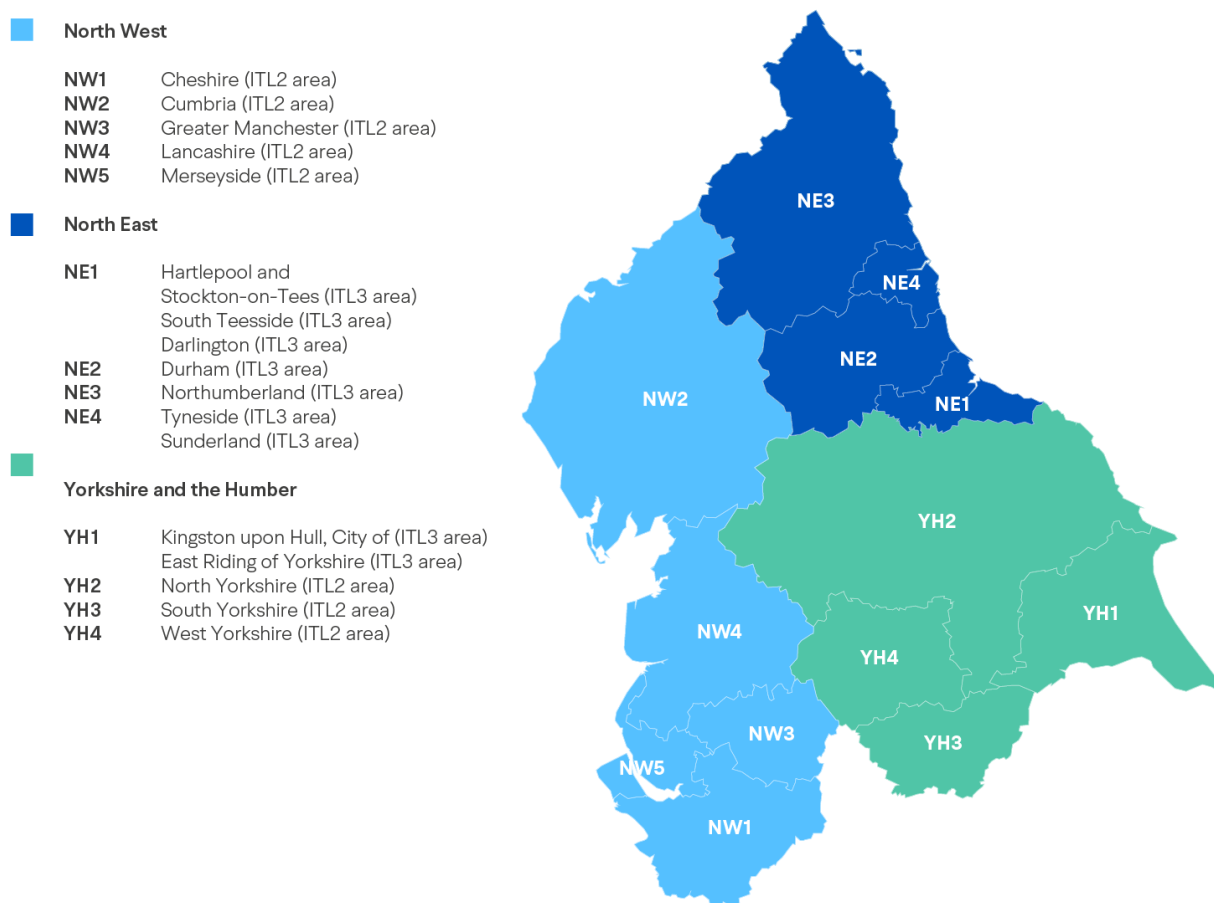
These demand-side challenges mean it will be vital for successful Fund Managers to source investment opportunities across the whole fund area and to build relationships with stakeholders, intermediaries, referral partners, business support agencies and other potential partners that can support and help identify potential deal flow. The LPA will include requirements around marketing and promotion of the fund including how the Fund Manager will build and maintain relationships with market intermediaries.

1.6 Northern Powerhouse Investment Fund II Strategy

A total of £660m has been allocated to NPIFII. The investment strategy has been designed to target the imbalances in access to finance across the North highlighted in section 1.5 and will comprise nine sub-funds. Of the initial allocations, just over 57% will go to equity and just under 43% to debt with £224m initially retained as an Investor Reserve. This gives flexibility to move funding from debt to equity and vice versa if economic circumstances change or as required by the Fund's performance. The nine sub-funds will each have:

- a set of specific geographic investment targets within the NPIFII area (as shown in Figure 1).
- a specific finance type and investment or loan size range (as shown in Table 1).

The detail in this RfP document is relevant to each of these sub-funds. Where Respondents can demonstrate the necessary capabilities including their ability to meet the investment criteria, they are welcome to submit Proposals for more than one sub-fund (a Proposal will need to be submitted for each).

Figure 1: Areas Covered by Geographic Investment Targets for NPIFII Funds

Note: "ITL" is International Territorial Level, a hierarchical classification of administrative areas used for statistical purposes

Table 1: NPIFII Fund Details

| Focus | NPIF II Totals | North East | North West | Yorkshire & Humber | Investment range |
|--------------------------|----------------|-------------|--------------|--------------------|------------------|
| Smaller Loans | £38m | £10m | £16m | £12m | £25k to £100k |
| Debt | £148m | £20m | £75m | £53m | £100k to £2m |
| Equity | £250m | £50m | £100m | £100m | Up to £5m |
| Total Initial Allocation | £436m | £80m | £191m | £165m | |
| Investor Reserve | £224m | | | | |
| TOTAL FUND | £660m | | | | |

More detail on the expected investment ranges is included in Appendix A. To help meet the Programme objectives, each sub-fund will have deployment targets. All sub-funds will be governed by an agreed LPA. Managers will be required to use reasonable endeavours to achieve the targets set out in the IOGs and will be incentivised under the LPA for the sub-fund. This will be achieved in part by the management fee (General Partner Share or 'GPS') structure – the Bank will retain a portion of the management fee in escrow (the "GPS Retention") to be released on achievement of the targets (there may be a facility for partial payment if Fund Managers can evidence they have achieved 90% of the respective target).

The Bank will also undertake a rigorous quarterly review process with all Fund Managers. This will require data submission to the Bank alongside a quarterly fund report. This review process will touch on all aspects of delivery including challenge on elements of the incentive regime not covered by GPS Retention. Quarterly review meetings will be held, and these are expected to be a mix of online and in-person meetings.

Successful Fund Managers for each of the sub-funds will need to comply with the following incentive regime:

– Targets with GPS Retention

The Bank will retain 6% of GPS to be released against the achievement of the following:

- Geography – minimum deployment levels will be set for each sub-fund covering the relevant groupings of ITL2 / ITL3 areas shown in Figure 1 (see Appendix B for further details). These have been set by reference to business populations and are the minimum expected investment levels – Fund Managers will be encouraged to deploy more into each area.
- Investment stages/sizes – indicative targets will be set to encourage a spread of initial investments across agreed investment stages/sizes. We would anticipate Fund Managers targeting a proportion of their total commitments towards lower value loans or investments in start-up or early-stage companies, and also into SMEs that have not previously received institutional investment or certain types of repayable debt (see Appendix C for more detail).
- Private co-investment / leverage – each fund will have minimum private-co-investment targets to demonstrate that a minimum level of private capital is invested alongside the funds in initial investments. These targets will be set at a level of 0.1x on Smaller Loans, 0.2x on Debt and 0.3x on Equity, measured as portfolio averages at fixed points during the fund lifespan. Additional targets will ensure a minimum number of initial investments have at least the prescribed level of private co-investment. In addition, minimum private leverage levels will be set for each fund at a level of 0.25x on Smaller Loans, 0.5x on Debt and 1.5x on Equity (all measured against the initial allocation as per Table 1 in Section 1.6). This will cover all private capital raised alongside or after a company receives a loan or investment from the fund up to the sooner of the end of the realisation period of

the fund or two years following realisation of a specific investment. Private capital that contributes toward the co-investment target can also contribute to the private leverage target described above. It is anticipated these minimum co-investment and leverage levels will apply also to the Investor Reserve and the Bank will confirm at the time the Investor Reserve is allocated.

– Carried Interest

All Respondents will be expected to propose a carried interest rate. This should be no more than is sufficient to create a strong incentive for the Fund Manager to maximise the financial performance of the fund. The carried interest rate proposed should be in line with industry norms and will be paid subject to a standard waterfall of:

- Fund expenses and liabilities
- Repayment of drawn commitment
- Distribution of profits, taking account of proposed preferred return and carried interest

Respondents will also be expected to propose a preferred return (or hurdle rate) as the minimum percentage return per year that the fund must return before carried interest is paid. This should reflect the Fund Manager's risk appetite and view of the market.

– Deployment Hurdles

Deployment hurdles will be written into the LPA to ensure a satisfactory pace of deployment in the early years of the fund. The Bank reserves the right to de-commit funds if hurdles are not met without a reasonable explanation. Hurdles will reflect the particular circumstances of each fund.

– Net Zero

The Bank will require Fund Managers to report annually on their financed GHG emissions, as part of the Bank's commitment to achieving net zero emissions across its portfolio by 2050. Fund Managers will also be challenged to explain how their portfolio, and the support they provide to investee companies, is contributing to the transition to a net zero economy.

– Diversity & Inclusion

Fund Managers will be challenged to ensure they are prioritising D&I within their own organisation as well as diversifying their sources of deal flow and actively raising awareness of the fund among all potentially eligible companies and not exclusively drawing on their existing networks.

The funds will have certain commercial flexibilities around deployment:

- Capital replacement – the equity funds will be allowed to make investments that include elements of capital replacement where the replacement capital is combined with new capital representing at least 50% of the investment round and the primary aim of the investment round is to provide funding to

support the growth plans of the company. A maximum of 20% of fund commitments may be used to fund replacement capital.

- Follow-on investment – the funds will be able to make follow-on investments within certain parameters (see Appendix A). Respondents will be expected to show an appropriate balance between capital used for initial and follow-on investments within their Proposal and fund model. The total amount of capital that can be drawn down after the Investment Period will be limited to 30% of the fund for the equity funds and 10% of the fund for the debt funds.
- Debt Funds: Personal guarantees and non-standard loan features – where commercially appropriate, Debt Fund Managers will be allowed to ask for personal guarantees on lending and to incorporate non-standard loan features such as repayment holidays or bullet repayments. The debt funds will have flexibility to use non-standard terms where commercially appropriate but will not be allowed to use products that are intended to result in the fund holding an equity stake.

Fund Managers may seek consent in exceptional circumstances to make investments or loans outside of their contracted parameters. Fund Managers will not be allowed to invest outside the NPIFII area and will not be allowed to recycle funds into further investments once funds have been invested or lent once.

The Investor Reserve will be held back to give the Bank flexibility to adapt to changing market conditions and to reflect performance of the funds. Fund Managers will only be considered for additional allocations when they have performed strongly across all aspects of delivery. The Bank reserves the right to increase its commitment to a fund up to the level of the Investor Reserve and, in making its decision, will have regard to various factors including the following:

- performance of the Manager
- level of deployment of fund capital
- progress to meeting targets
- performance of the Portfolio
- existing and forecast levels of demand for investment
- the geographical investment requirements for the fund area as a whole
- any changes in circumstances (such as changes in the economy)

When allocations are made from the Investor Reserve, these may be accompanied by amendments to other aspects of the incentive regime for the remaining duration of the fund.

2. Application Process

2.1 Introduction

The Bank welcomes Proposals from any Respondent able to meet the criteria set out for the Programme in Section 3 and expects Proposals to conform to the application process detailed below. Proposals may be rejected at any stage.

2.2 Stage 1: Proposal

Respondents are invited to submit their Proposal to the Programme team at the earliest opportunity.

Respondents are required to provide a Proposal submission to include:

- submission form (Annex 1) of up to 30 pages (excluding the five page introductory section) outlining key elements of the Proposal and addressing the Programme objectives and each of the Investment Criteria as set out in Section 3
- track record proforma (Annex 2)
- summary fund model and Manager budget proforma (Annex 3)

Respondents should not submit information in addition to that requested above as it will not be considered in the assessment of the Proposal. If further information is required, the Programme team will request it.

The Bank will host a virtual Q&A after the RfP has been published and information on how to join the Q&A session will be shared with Respondents who registered an expression of interest (see below). There is a Frequently Asked Questions ('FAQ') document on the Bank website which respondents should review on a regular basis.

Respondents should register an expression of interest, indicating which sub-fund(s) they are interested in, by emailing NPIFII-RfP@british-business-bank.co.uk no later than 7 days prior to the submission deadline. Initial queries can also be raised via this email address.

All Proposals will be assessed by the Programme team. Assessments will be informed by the content of the Proposal and any further information requested from Respondents. All those involved in the process will be bound by appropriate confidentiality provisions.

After initial assessment, a decision will be taken as to whether Respondents will be invited to a pitch meeting with the Programme team.

If, in the opinion of the team, the Proposal does not meet the objectives/criteria set out for the Programme, it will be rejected and feedback provided. The Programme team reserves the right not to take forward any Proposals to a pitch meeting and/or Due Diligence ('DD') should the Proposal, in the opinion of the team, be assessed as not meeting the requirements of the Programme or if another Proposal is assessed as more strongly meeting those requirements. The assessment process will be competitive and the Programme team will select proposals that are judged to offer the best overall value for money in achieving the Bank's objectives.

2.3 Stage 2: Pitch Meeting with the Programme team

Following the initial assessment of the Proposal, Respondents may be invited to pitch their Proposal to the Programme team.

Pitch meetings will provide an opportunity for Respondents to briefly present their Proposal and answer any queries the team have.

Following the pitch session, Proposals will either be rejected, further information requested, or taken forward to full DD.

2.4 Stage 3: Due Diligence, Negotiations, and Indicative Terms

If the Programme team decide to progress a Proposal the Respondent will be requested to submit a full set of DD information and may be asked to provide additional information, as requested, through the DD stage.

The Programme team will send the Respondent a DD questionnaire and will require a full response within 2 weeks. Details of how to submit supplementary information will be provided. During the process, the Programme Team may revert to the Respondent for points of clarification.

DD will include, but is not limited to, details on:

- The management team including CVs of Key Persons
- Track record of investments made by the management team, including diversity of investments
- Track record of executing strategy as set out in this RfP
- Deployment strategy including geographic coverage
- Understanding of target market, competition, and wider economic factors

- Deal flow and pipeline
- Approach to dealing with actual and potential conflicts of interest, and proposed Allocation Policy where the Manager operates multiple funds
- The Management Company
- Investment processes
- ESG integration and in particular the Respondent's approach to Net Zero and, Diversity and Inclusion
- Detailed financial models and business plan projections
- Risk identification programme including details on and copy of Financial Crime Risk Assessment;
- Evidence of appropriate Policies in place for Anti-Money Laundering, Bribery & Corruption and Sanctions including a Compliance Manual for AML / KYC procedures
- Credit and risk process including details on controls and procedures in place for identifying and making investments.

Respondents that proceed to the DD stage may be required to provide additional documentary evidence that validates the information provided in the Proposal stage. As part of the DD process, this additional information will be reviewed together with all information submitted as part of the Proposal.

By submitting a Proposal, Respondents will be agreeing to allow the Programme team to undertake other background checks and referencing.

Subject to meeting the overall objectives of the Programme and following satisfactory conclusion of the DD process and approval by the Bank's Investment Committee, the Programme team will issue an Offer Letter and Term Sheet to the successful Respondent(s). The letter will include a deadline following which the offer will lapse.

2.5 Stage 4: Completion, Commitment and Drawdown

The offer will be subject to final DD including agreement of final terms, completion of legal documentation (which for the purposes of the LPA shall reflect the templates provided) and, where applicable, satisfaction of any conditions precedent. Ongoing operational requirements will also need to be agreed, including: the end-to-end operational processes required for the Programme and the Respondent to fulfil their obligations for the full duration of the fund; and agreement of the reporting obligations and data provision that will be required of the Respondent by the Programme.

Where engagement of third-party lawyers is necessary, the Bank and Fund Managers will be responsible for covering their respective legal costs.

The Offer is likely to be valid for a period of 1-2 weeks following notification. If Completion has not taken place within 3 months of the Respondent receiving notification of an Offer, the Offer may be withdrawn.

The Bank reserves the right not to make any Offers should the quality of Proposals, in the opinion of the team, be assessed as not meeting the requirements of the Programme.

2.6 Timetable

Proposals will be considered within the parameters of the Programme's timelines. The RfP will remain open for applications from the date of issue of this RfP until 15:00 on 21 July 2023.

If the Programme team considers that there has been an insufficient number of viable Proposals by the closing date or that the range of Proposals is too narrow, the Bank may, at its sole discretion, extend the closing date. We reserve the right to extend this closing date at any time by notification on the Bank's website (www.british-business-bank.co.uk). Early submission is encouraged as Proposals will be assessed as they are received.

A decision will be made once Proposals are deemed to satisfactorily meet the criteria set out for the Programme in Section 3, subject to necessary approvals. Completion, Commitment and Drawdown will take place only once final terms are agreed, documentation has been completed, necessary approvals have been received and after any conditions precedent have been satisfied.

Key dates are set out in the table below.

| Event | Date |
|-------------------------------------|--------------------------|
| Request for Proposals Open | 20 June 2023 |
| Request for Proposals Closed | 15:00 21 July 2023 |
| Pitch Meetings | September & October 2023 |
| Expected Date of Offers | December 2023 |
| Expected Onboarding and Fund Launch | Q1 2024 |

The Programme team will make reasonable endeavours to respond promptly to Respondents at each stage of the application process. As Proposals may be rejected at any stage, Respondents are

encouraged not to make further efforts or incur costs to progress their Proposal until invited to do so by the Bank. Respondents unsuccessful at any stage of the process will be advised of this in writing by the Programme team. Respondents may be asked to submit additional information to clarify any queries the Programme team have identified at any stage during the assessment process.

2.7 Delivery of Proposals

The Proposal should be submitted in a portable document format (“PDF”) and Microsoft Word or Excel (as appropriate).

Having submitted an expression of interest to NPIFII-RfP@british-business-bank.co.uk respondents will then receive a link to the Bank’s SharePoint site by email with folders clearly labelled for each fund. Should you wish to submit proposals for additional funds, please send a request to the same email address and additional folders will be created. You will be able to access the SharePoint folder(s) to upload your submission documents until the submission deadline after which access will change to ‘view only’. This is to ensure the NRIF team will be accessing finalised submissions during the assessment process. The NRIF team may require additional documents to be uploaded or amendments to be made to the documents already uploaded, at which point the access permissions will be adjusted.

All Respondents will receive an email confirming receipt of their Proposal.

By submitting a Proposal, Respondents confirm they have read this RfP and accept the Terms and Conditions in Section 4, including the important Legal Notice 4. Successful Respondents will be required to warrant the information included in the Proposal.

Any questions or clarifications about the content of this RfP should be sent to NPIFII-RfP@british-business-bank.co.uk. Where Respondents are requesting general information or clarification that would be relevant to other potential Respondents, we may publish our responses in an anonymised format on our website www.british-business-bank.co.uk.

2.8 Fund Manager Reporting Requirements

Successful Fund Managers will be required to provide regular reports to the Bank on the progress of their fund(s) and investments. The Bank requires this reporting data to enable it to evaluate the performance and impact of the funds and the overall Programme (for example in relation to the employment and turnover of investee companies, diversity of founding and/or management teams, GHG emissions across the portfolio). Where Fund Managers will rely on investee companies to provide such data as required, this should be reflected in investment agreements as a condition of funding.

Investment and portfolio data will be required on a quarterly basis along with a quarterly narrative report to cover summary fund data, including valuations of each investment and the Bank's interest in the Fund, and more detailed reporting for the portfolio, including details of investments made/realised in the period, brief updates of the progress of portfolio companies, and brief details of investment opportunities considered (but rejected) during the period. The Bank will provide a quarterly reporting template and work with Fund Managers to align systems for reporting purposes at on-boarding. Equity Fund Manager(s) will be expected to follow the International Private Equity and Venture Capital Valuation Guidelines when valuing investments.

Fund Managers will also be required to provide the following on an annual basis:

- Annual reporting on diversity within the firm and at an aggregated portfolio company level. Reporting will be consistent with the FCA reporting template for listed companies.
- GHG emissions annual tracking and reporting of aggregated portfolio company emissions, and sector breakdown of investments. For some carbon intensive sectors, additional reporting may be required.
- Audited financial statements, including an audited profit and loss account and balance sheet.

To enable the Bank to properly budget for its expenditure, the Fund Manager(s) will also be required to provide monthly cash flow forecasts indicating the level and timing of expected drawdowns of the Programme funding for the following three months.

The Bank routinely commissions independent evaluations of its programmes to quantify their impact. These evaluations are carried out by qualified third-party research organisations. Successful Fund Managers would be expected to support future evaluations of the Programme.

All such information received by the Bank will be treated as confidential, although the Bank may wish to release aggregated data on the performance of the Programme as a whole. Information relating to specific funds or businesses will be passed to external parties only where required by law or where necessary to support independent evaluation of the Programme, and any external researchers would be bound by appropriate confidentiality provisions.

3. Investment Criteria

The Programme seeks to increase the supply and diversity of early-stage finance for UK SMEs, providing finance to businesses that might otherwise not receive investment and helping to reduce regional disparities in access to finance.

Sections 3.1 to 3.5 below detail the criteria against which Proposals will be assessed. Proposals should seek to address each of these Investment Criteria. If any information is unavailable, or cannot be disclosed, Respondents should make this clear in their Proposal.

Proposals will be viewed favourably if they can demonstrate:

- A strong team with a track record of investing in line with the fund investment strategy
- A robust strategy for sourcing deal flow (with a deal pipeline to support this)
- Ability to start deploying funds quickly following Fund launch
- A robust approach to portfolio diversification and risk management
- Integration of ESG considerations into deployment strategies (e.g., diversity of deal flow, environmental impact considerations of portfolio companies etc)
- Robust and tested systems and processes in place for making and managing investments (e.g., investment processes and documentation, back-office systems, monitoring and governance arrangements, management information reporting)

3.1 Management Team and Track Record

Respondents must be able to demonstrate that they have a competent team, with sufficient expertise to execute the proposed investment strategy.

Respondents should provide information which covers:

- Information on the Respondent's management team and key personnel – are the team suitably qualified, and collectively possess the knowledge, experience and capability needed to successfully build, manage, and exit a portfolio of private debt/equity investments
- Recent and relevant experience of, and successful track record in, the proposed activities of the investment strategy. Respondents should complete and submit the relevant track record proforma
- Evidence of the management and investment teams having worked together effectively to demonstrate their ability to execute the mandate for the full life of the fund

- Information to support diversity within the management and investment teams, including diversity of personal characteristics, background, and diversity of thought to ensure balanced and robust decision making
- Evidence that the team will be able to start deployment from the expected fund launch date

The Bank will pay close attention to whether the proposed management team demonstrates the potential to succeed in:

- sourcing/business development, attracting a diverse flow of quality investment propositions from businesses seeking risk capital finance
- carrying out rigorous Fund Manager due diligence to assess the suitability of investment propositions put forward by businesses seeking finance
- structuring and pricing investments and negotiating terms with investee businesses
- providing management/portfolio support and advice to investee businesses, for example by helping to develop and implement successful growth strategies
- monitoring and reporting on the performance of the Fund's investment portfolios
- realising returns from investments through robust management of portfolios or via third party transactions, including later-round investments, trade sales and initial public offerings
- the management team's knowledge and experience of developing a successful business and, where relevant, their knowledge and experience of any specific business locations in which the proposed Fund would concentrate its investment activities
- co-investment, sourcing capital from reputable private sector investors to act as co-investors in deals

Evidence of experience against all these criteria is essential. Respondents need to demonstrate that the Fund would have access to all the skills and competencies needed to ensure a good prospect of achieving the Programme's objectives.

Respondents must outline the staffing requirements of their proposed Fund team and demonstrate that proposed levels of staffing will be sufficient to operate the Fund effectively. Where specific skills or expertise are lacking in the management team, Prospective Managers must demonstrate how appropriate experience will be brought into the team and must show that the associated costs are fully budgeted for in the financial projections submitted as part of the Proposal. Where recruitment is proposed, Prospective Managers should provide details of the roles and skills required as well as their intended approach to sourcing suitable candidates.

3.2 Deployment Strategy

Respondents must evidence their ability to deploy the funding to SMEs according to the Investment Strategy and agreed timelines.

Assessment of the Proposal will consider in particular the following aspects of the deployment strategy:

- Quality and diversity of deal flow
- Investment restrictions
- Investment sizes – first investment
- Investment sizes – follow-on investment (where applicable)
- Size, sector, and location of investee company
- Investment structures, terms and approach to pricing (where applicable)
- Ability to start deploying funds quickly following Fund launch
- Ability to deploy in line with ESG objectives

The Fund Manager will be required to use its reasonable endeavours to achieve targets around investing in specific geographic locations where minimum investment levels will be set (See Appendix B). In evidencing performance against geographical investment targets, classifications of company location(s) should relate to the location(s) of economic activities supported by the finance provided.

The Fund Manager will need to demonstrate their reach across the whole fund area, including relationships with stakeholders, intermediaries, referral partners, business support agencies and other potential partners that can support and help identify potential deal flow. Prior to fund launch, a full marketing and business development plan will be required indicating what awareness raising activities will also be undertaken to support this activity. The LPA will include requirements on marketing and promotion of the fund and investments made from the fund.

Respondents should set out if and how they expect finance brokers and other financial intermediaries to play a role in the deal sourcing strategy. Broker fees that lead to successful investments may form part of the acquisition cost. If broker fees form part of the deal sourcing strategy, these should be treated as a Fund Manager cost and clarity should be provided on how these fees will be kept to a minimum.

Respondents must show that the proposed fund is commercially viable and has good prospects of delivering a financial return, and that any potential conflicts of interest will be satisfactorily resolved. They must also demonstrate that the Fund Manager will be suitably resourced to implement the strategy, considering both the financial and the non-financial resources available to it.

The Bank will also consider the Respondent's capacity to make a non-financial contribution to the performance of the investee businesses, for example by providing portfolio management support, mentoring or other relevant expertise. In assessing capacity in this area, the Bank will consider whether the Respondent's level of ambition in this area is achievable, taking account of the resources in and available to the management team.

3.3 Environmental, Social & Governance

As part of delivering on the Programme's core objectives, the Fund Manager will be expected to assist the Bank in achieving ESG objectives to:

- Support the transition to a net zero economy, and
- Reduce gaps in access to finance by location, gender and ethnicity

Proposals will be viewed more favourably if they can demonstrate integration of ESG factors into the Fund Managers operations and their investment strategy and resultant portfolio. Considerations include:

- **Fund Manager's operations.** Specifically, whether Fund Managers:
 - Have diverse management and investment teams
 - Have in place, or are committed to putting in place, policies related to D&I, ESG and Net Zero transition
 - Are a member of or are considering joining ESG-related industry bodies (PRI, etc)
 - Will work with portfolio companies to measure GHG emissions annually across their portfolio
 - Will provide ESG-related data, including D&I, on new investments and report progress over time
- **Fund Manager's deployment strategy.** Specifically, whether Fund Managers have:
 - Previously sought out investments or have a well-defined approach to invest in firms that advance net zero solutions and/or support companies to transition to net zero emissions
 - Experience of or a well-defined approach to sourcing a range of investment opportunities including supporting diverse entrepreneurs and investing in opportunities that support a diverse range of consumers

The Bank is proud to be a founding signatory of the Investing in Women Code and to manage it on behalf of Government for Venture Capital funds. The Code is a commitment to supporting the advancement of female entrepreneurship in the UK. The Programme Team expects Respondents to be signatories of the Code, or to have plans to become signatories prior to fund launch.

The Programme Team understands that Respondents will be at varying stages of preparedness and current capability to meet these reporting requirements. Please note that Respondents' current and intended status will be taken into account alongside commitments to put in place policies and plans etc. within a reasonable timeframe.

3.4 Commercial Model

The Programme team will consider the level, structure and timing of management fees, carried interest and any other remuneration to the Fund Manager and other charges or fees to be levied either on the fund itself or on investee businesses. It will be a negative feature if the proposed level of charges or fees does not appear commercially appropriate or appears to be to the detriment of either the fund or its portfolio companies.

Fund Managers are expected to set management fees on the following basis:

- During the Investment Period, a fixed percentage on drawn commitment plus a lower percentage on undrawn commitment
- Through the post-Investment Period, a percentage stepdown each year based on the previous year's fee level – this reflects the stepdown in activity as the portfolio is realised

Respondents will need to provide projected budgets for the fund management company for the ten year fund life to demonstrate that the income is sufficient to cover the costs of managing the fund (a proforma template is provided at Annex 3). The budget should include all costs associated with managing the fund including the relevant proportion of all key persons and an appropriate share of back office costs and/or overheads. These projections must satisfy the Programme team that the management costs will not be excessive, but that sufficient provision has been made to enable the fund to be managed effectively.

Potential Managers should note that all arrangement fees, monitoring fees and other fees received by the Manager in connection with the making or management of any investment will be abated from the management fee and, in effect, accrue to the fund rather than the Manager. Broker fees that lead to successful investments may form part of the acquisition cost but will otherwise be treated as a Fund Manager cost.

Respondents will also need to provide financial projections for the fund (a summary fund model proforma is also provided in Annex 3), to show proposed deployment and realisations. These projections should be based on the initial allocation of funding without making any assumptions over the Investor Reserve. Sensitivity analysis will be requested during the DD phase to show how returns vary on a range of different assumptions about underlying investment performance.

The Programme team will have regard to the strength of the link between the financial performance of the fund and the remuneration of those individuals responsible for taking the investment decisions and otherwise managing the fund. Fund Managers will be expected to make a meaningful Manager, or General Partner (GP), commitment into the fund and will have to evidence the availability of funds or demonstrate how this commitment will be made. This should be at a level that is material to the team to provide alignment with the fund performance.

Fund Managers are not expected to bring external private capital at fund level but will need to demonstrate how they will bring private co-investment into deals and as part of follow-on investments.

Proposals must also be able to demonstrate that the Bank will be repaid its investment, together with any return thereon, within a suitable timeframe.

3.5 Operational Structure, Legal and Regulatory

In view of the Bank's status as a Government owned entity, proposed company structures and investment strategies must be consistent with the requirements of the British Business Bank plc's group-wide tax strategy, a copy of which is available on the British Business Bank website:

<https://british-business-bank.co.uk/transparency/>

Investments under this Programme will not involve the Bank making deal-by-deal investment decisions nor having direct involvement in underlying portfolio companies. The Bank is interested in Proposals whereby the successful Respondent undertakes those activities in line with agreed terms and conditions and standards.

Respondents will need to demonstrate, to the Bank's satisfaction, that they:

- Have appropriate registrations and authorisations that may be needed to deliver the Proposal including but not limited to Financial Conduct Authority ('FCA') authorisations. Respondents who are not FCA authorised will need to explain in their Proposal what structure will be put in place to provide the necessary hosting arrangements at Fund launch and how they will progress to achieve FCA authorisation in a timely fashion.
- Will have the capacity to carry out Fund Manager due diligence and anti-money laundering checks on clients to applicable legal and regulatory standards
- Operate a Risk Management Framework incorporating policies and procedures; risk identification programme; analysis, management & reporting; accountability; controls and procedures in place for identifying, making investments and controlling associated risks which are robust and appropriately documented
- Have the capacity to receive, hold and return the Bank's funds and underlying investments

- Are capable of generating reports and other information regarding investments that the Programme is likely to require from time to time including ESG factors and GHG emissions
- Have an internal Data Protection Policy ensuring compliance with data protection laws including GDPR (and including assessment of compliance by investee businesses)

Proposals should also reflect appropriate standards in relation to the proposed investment activity, operations and general business activities so as not to cause embarrassment to the Bank in view of its status as a Government owned entity.

4. Terms and Conditions

The Bank reserves the right at any time not to make a commitment and/or cancel or withdraw from the process at any stage. Any costs or expenses incurred by a Respondent will not be reimbursed and the Bank will not be liable in any way to a Respondent for costs, expenses or losses incurred as a result of this process.

The Bank reserves the right to amend the timetable and/or the process until such time as binding arrangements are concluded with Respondents.

The Bank reserves the right to reject any, and all, Proposals at any stage, with or without cause.

The Bank reserves the right to request clarification of information submitted and to request additional information regarding any Proposal, including the right to request face to face meetings. Refusal to provide such information upon request may cause the Proposal to be rejected. Where no reply to a request for information or for clarification is received within ten business days, the Bank may consider that the Proposal has been withdrawn.

No representation, express or implied, is made by the Bank as to the completeness or accuracy of any facts or opinions contained in this Request for Proposals. Recipients of this document should seek their own independent legal, financial, tax, accounting or regulatory advice before making any application under the Programme.

Please note that the Bank is acting as an investor for the purposes of this Programme and therefore this Request for Proposals does not require approval under financial promotion legislation or corresponding rules.

Respondents should be aware the Bank is not authorised to carry out regulated activity. The Bank will thus be unable to consider responses where receipt or processing would require any form of regulatory authorisation or permission.

Respondents should note that information received by the Bank or any other member of the British Business Bank plc group as part of this process, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act and GDPR (Data Laws) and the Environmental Information Regulations 2004. In view of this, should Respondents consider that any information should be treated as confidential and/or commercially sensitive, it would be helpful if Respondents could set out why they consider this to be the case in each instance. Automatic confidentiality disclaimers generated by IT systems will not, in themselves, be regarded as binding. If the Bank or any member of the British

Business Bank plc group receives a request for disclosure of information provided, full account will be taken of any explanation, but no assurance can be given that confidentiality will be maintained in all circumstances. Decisions on disclosure remain the responsibility of the Bank or the relevant member of the British Business Bank group and ultimately the Information Commissioner and courts. Personal data will be processed in accordance with the Data Laws: in the majority of circumstances this will mean that personal data will not be disclosed.

Personal data will be processed in accordance with the privacy notice on our website:

<https://www.british-business-bank.co.uk/privacy-notice/>

By submitting a Proposal, Respondents accept the terms and conditions set out in this Section 4. Except for this Section 4, which is intended to be legally binding, this Request for Proposals is not a legally binding document and should be treated as indicative only.

Appendix A: Expected Investment Ranges

Investment size restrictions have been set in order to channel funding towards the finance gaps the programme seeks to address.

Equity Funds

Investment sizes – first investment

There is no lower investment limit for the fund.

First investments made by the fund in a particular company:

- must not invest or agree to invest more than £5m in that company
- must not participate in an investment round where the total amount invested or agreed to be invested by the fund and the potential co-investors is greater than £5m. In complying with the £5m limit, the fund must take account of all investors, including the fund itself (but excluding investors who are only providing debt finance with no equity or quasi-equity elements).

It is envisaged that the fund will typically be the majority participant in first investments made by the fund with co-investors typically accounting for a minority of the round.

Investment sizes – second and subsequent investments

Within a period of six months from the fund's first investment in a company, follow-on investments in that company will only be permitted where the total amount invested in that company (including the initial investment) is no more than £5m. The fund will need to take account not only of its own investments on or after the date of initial investment, but also those made by any other investor (except an investor providing only debt finance).

Once that period of six months has elapsed, the fund will be permitted to follow-on so long as the total invested by the fund is no more than £5m. The fund will only be able to exceed the £5m limits in exceptional circumstances by Investor Consent.

Debt Funds

Each loan made by the fund must satisfy the following conditions;

- The size of the loan provided by the fund must be in the range of £100,000 to £2m. Loans outside of this range may only be provided by Investor Consent in exceptional circumstances.
- The tenor of the loan shall be no less than twelve months and no loan shall have a maturity date beyond the end of the realisation period.

It is permissible for the fund to provide a loan to a company that receives one or more additional loan facilities from other funders at the same time where the total amount of funding is no more than £5m.

Where the fund participates in a funding round involving one or more additional funders, it is envisaged that the fund will typically be the majority participant in the overall funding round with other lenders typically accounting for a minority of the round.

Targets will be set to ensure a proportion of the fund is deployed in lower value loans.

Smaller Loans Funds

Each loan made by the fund must satisfy the following conditions:

- The size of the loan provided by the fund must be in the range of £25,000 to £100,000. Loans outside of this range may only be provided by Investor Consent in exceptional circumstances.
- The tenor of the loan shall be no less than twelve months and no loan shall have a maturity date beyond the end of the realisation period.

It is permissible for the fund to provide a loan to a company that receives one or more additional loan facilities from other funders at the same time where the total amount of funding is no more than £250,000.

Where the fund participates in a funding round involving one or more additional funders, it is envisaged that the fund will typically be the majority participant in the overall funding round with other lenders typically accounting for a minority of the round.

It is permissible for the fund to lend to the same company on multiple occasions where the cumulative total lent to the company by the fund is £200,000 or less.

Targets will be set to ensure a proportion of the fund is deployed in lower value loans.

Appendix B:

Minimum Geographical Investment Targets

Minimum Targets, £m (From Initial Allocation)

| | Registered Businesses | Smaller Loans | Debt | Equity |
|---|--------------------------|------------------|-------------|--------------|
| North East | | | | |
| NE1 (Hartlepool and Stockton-on-Tees, South Teesside, Darlington) | 17,835 | 1.2 | 2.4 | 6.1 |
| NE2 (Durham) | 14,625 | 1.0 | 2.0 | 5.0 |
| NE3 (Northumberland) | 11,370 | 0.8 | 1.6 | 3.9 |
| NE4 (Tyneside, Sunderland) | 29,030 | 2.0 | 4.0 | 10.0 |
| North West | | | | |
| NW1 (Cheshire) | 41,780 | 1.2 | 5.8 | 7.7 |
| NW2 (Cumbria) | 22,845 | 0.7 | 3.2 | 4.2 |
| NW3 (Greater Manchester) | 107,065 | 3.2 | 14.9 | 19.8 |
| NW4 (Lancashire) | 54,935 | 1.6 | 7.6 | 10.2 |
| NW5 (Merseyside) | 43,480 | 1.3 | 6.0 | 8.0 |
| Yorkshire & Humber | | | | |
| YH1 (East Riding of Yorkshire, City of Kingston upon Hull) | 20,785 | 0.7 | 3.0 | 5.7 |
| YH2 (North Yorkshire) | 39,590 | 1.3 | 5.8 | 10.9 |
| YH3 (South Yorkshire) | 41,160 | 1.4 | 6.0 | 11.3 |
| YH4 (West Yorkshire) | 80,375 | 2.7 | 11.7 | 22.1 |
| Total | 524,875 | 19.0 | 74.0 | 125.0 |

The minimum investment targets have been set as a proportion of the initially allocated capital. When allocations are made from the Investor Reserve, these may be accompanied by amendments to other aspects of the incentive regime for the remaining duration of the fund.

Appendix C: Investment Stages

Targets will be set to encourage a spread of activity across agreed investment stages. We anticipate Fund Managers targeting a proportion of their total commitments towards lower value loans or investments for start-up or early-stage companies, and for SMEs that have not previously received institutional investment or certain types of repayable debt.

The agreed investment stages comprise debt or equity funding for:

- Start-up (prior to the first commercial sale): typically provided to businesses for use in product development and initial marketing. Businesses may be in the process of being setup or may have been in business for a short time but not yet sold their product commercially.
- Early Stage: typically provided to businesses that may not yet be generating profits but have completed the product development stage and require further funds to initiate or grow commercial sales.
- Expansion (new markets or products): typically provided to a business which is trading profitably for expansion into new markets or products.
- Growth: provided to a business which is trading profitably and that needs additional capital to accelerate growth.

Funding for SMEs that have not previously received institutional investment or certain types of repayable debt covers the following:

First institutional capital (equity only): Companies that have not received any institutional equity capital prior to their first investment from the fund. EIS / SEIS Schemes are not treated as institutional equity capital for the purposes of this definition

First external repayable finance (debt only): Businesses that have not received any non-excluded repayable debt finance products prior to their first loan from the fund. Products excluded from this criterion are as follows: overdraft, credit card, invoice discount facility, asset finance, personal loan, loan from friends/ family, leasing or hire purchase, Start Up Loans, CBILS and BBLS loans.

The anticipated targets are:

Smaller Loans

- A minimum of 30% by value in the form of loans for £50k or less

Debt

- A minimum of 20% by value of Investments in loans for principal amounts of £250k or less
- A minimum of 40% by value of Investments in loans for principal amounts of £500k or less (including the above)
- A minimum of 25% by value of Investments in loans to SMEs that have not previously received external repayable finance prior to the first investment by the Fund

Equity

- A minimum of 40% by value of Initial Investment will be provided to companies classed as start-up or early stage
- A minimum of 25% by value of Investments to companies that have not previously received any institutional equity finance prior to the first investment by the Fund

British Business Bank plc

Steel City House
West Street
Sheffield S1 2GQ

t. +44 (0)114 206 2131

e. NPIFII-RfP@british-business-bank.co.uk

british-business-bank.co.uk

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