

March 2025

BPC Core Programme Request for Proposals

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1. Background

British Patient Capital Limited ('BPC'), a wholly owned commercial subsidiary of British Business Bank plc, forms part of the commercial arm of the British Business Bank plc and invests in venture and growth equity. This request for proposals sets out the criteria for those applicants interested in seeking commercial investment from BPC. References to 'our', 'us' or 'we' throughout this document are to BPC.

We will consider managed proposals that predominately invest into innovative companies. Direct investment in underlying portfolio companies is however outside the scope of this Request for Proposals.

We aim to facilitate access to scale-up finance for the UK's most innovative companies, including those based on scientific discoveries and engineering innovation. In so doing we are aligned to the government's aim to develop the UK as a science superpower. Therefore, strategies that include investment in R&D-intensive companies will be viewed positively.

We manage an investment fund designed to support UK companies with high growth potential to access the long-term financing they need to scale up. We build on a successful heritage of investing £1bn into UK venture and growth equity over the past decade.

BPC invests in venture and growth equity, capturing value through financing the growth of innovative companies. BPC invests on its own behalf and on behalf of third-party investors who are aligned with the investment mandate set out in this Request for Proposals.¹ We invest on a fully commercial basis to maximise returns and manage risk. BPC is growing with a view to future private sale or listing, once it has built its portfolio and track record.

The British Business Bank's mission now includes a commitment to enabling the transition to Net Zero, amongst other ESG objectives. We see an opportunity to play a role in this transition and, as such will consider sustainability factors in assessing proposals for the Core Funds programme.

It is not intended that we will compete with the British Business Bank's other initiatives such as [Enterprise Capital Funds](#), which have incentives for private sector investors and act to encourage investment activity within the recognised equity gap. Those proposals have restrictions on the size of investment they can make and have sector and stage restrictions that will not apply to BPC investments. Further background on BPC can be found on the website: www.british-business-bank.co.uk

¹ Any reference to a "commitment" or "investment" of BPC (or similar words and expressions) in this Request for Proposals should be construed as an investment or commitment made by BPC on its own behalf and on behalf of such third-party investors.

2. Objectives

Our mission is to:

“Enable long-term investment in innovative companies across the UK, led by ambitious entrepreneurs who want to build successful, world-class businesses.”

We have dual commercial and policy objectives:

- To generate a commercial rate of return across our entire portfolio of investments. We seek to build a commercially attractive and balanced portfolio of venture and growth equity investments, in order to: efficiently deploy our capital, demonstrate attractiveness of the asset class, and facilitate our pathway to private sale or listing.
- To increase the amount of long-term investment available for innovative UK companies wanting to scale up. We seek to achieve this through making investments that help mobilise private investment into UK venture and growth equity.

3. Selection Process

We welcome proposals from any applicant that is able to meet the objectives and satisfy the selection criteria. Applications will be assessed in accordance with the process outlined below.

3.1 Expression of interest, proposal, and initial meeting

Applicants are expected to formally express their interest through emailing:

Proposals@british-business-bank.co.uk

Following this, applicants may be invited to meet with us in order to provide an outline of their investment proposal and capabilities through a pitch meeting.

Following this meeting we will be able to provide some feedback, including whether the proposal is likely to meet the objectives and criteria set out in this document.

Proposals that are not likely to meet the objectives and criteria set out in this document will not move forward to the due diligence stage.

3.2 Due diligence

For proposals which progress following the initial meeting, we will review the proposal. In addition to a review of the materials prepared by the applicant and shared with investors as part of a data room / information memorandum / investor marketing materials, it is also likely that our team will visit the applicant at their offices; undertake background and reference checks on the applicant's team; verify the team's track record; assess the approach and commitments to sustainable investing, Diversity, Equity and Inclusion (“DEI”), and Net Zero; and review the legal documentation for the proposal, including the proposed terms. We will also wish to speak with other potential investors in the proposal. Applicants will generally be expected to warrant the information provided during the due diligence process.

3.3 Investment committee

Any recommendation made to BPC's investment committee will be based on its assessment of the proposal, data room / information memorandum / investor marketing materials, and due diligence undertaken. The investment committee has absolute discretion whether or not to approve making an investment in the proposal. The investment committee will only make an approval if they are confident that the proposal will meet the objectives and criteria set out in this document.

If the investment committee does approve making an investment in the proposal, we will issue a non-binding offer subject to pre-conditions set out by the investment committee, if appropriate to situation. Such pre-conditions may include confirmatory due diligence, satisfactory completion of fundraising by a longstop date, entry into definitive legal documentation, and any further conditions which we in our discretion deems necessary. BPC will invest on its own behalf and on behalf of third-party investors on substantially the same terms.

Important Note: Selection is competitive. We cannot invest in every proposal received. The application process is designed to enable us to select proposals that are considered to offer the best overall value-for-money in promoting the objectives and satisfying the criteria of our investment programme. We reserve the right to reject, or decline to progress, any application which does not, or which in our opinion based on the information provided is not likely to meet the objectives or satisfy the criteria for investment at any stage in the application process.

3.4 Further information

Should you have any questions about BPC or wish to set up an initial meeting, the investment team can be contacted at:

Proposals@british-business-bank.co.uk

BPC Proposals, British Business Bank,
Steel City House, West Street, Sheffield, S1 2GQ 0114
206 2131

Please note that requests for business advice, direct investment, or other support cannot be answered. Businesses looking for such advice should contact their professional financial advisors in the first instance.

4. Selection Criteria

We will assess proposals against the following selection criteria.

4.1 Investment strategy

Targeting venture and /or growth equity investments through primary, co-investment, or secondaries strategies.

Our objectives are best met when our investments are in managed proposals that predominately invest into innovative companies led by ambitious entrepreneurs who want to build world class businesses. We will generally not consider proposals that are specializing in management buyouts and / or primarily seeking to preserve capital.²

We will consider proposals incorporating primary, co-investment, and / or secondaries investment strategies. Other things being equal, we will favour proposals with primary investment strategies. Secondaries proposals considered will typically target secondary acquisition of minority shares of innovative companies and will intend to create value through financing the growth of those companies. Direct investment in underlying portfolio companies is outside the scope of this Request for Proposals. BPC will not invest into State aided funds.

Proposals for investment for other situations will be considered on a case-by-case basis.

We will consider sustainability factors when assessing proposals. Proposals will be viewed more favourably if they can demonstrate a commitment to the integration of ESG factors into their investment strategy including net zero.

We will view proposals more favourably if they can demonstrate they are based on investment towards scientific discoveries and engineering innovation. This supports our focus on R&D-intensive companies.

We shall consider whether applicants are committed to developing appropriate ESG policies and strategies, including sustainable investing, DEI and Net Zero, within a reasonable timescale. It will be expected that applicants can demonstrate how these will be implemented across their firm and the underlying portfolio companies.

In view of the British Business Bank's commitment to enabling the transition to Net Zero and pledge to set our Science Based Targets (SBTs) by Q4 2023 for greenhouse gas emission reductions across the Bank's portfolio, we aim to work with successful applicants over time to ensure they have credible transition plans and are preparing to report on their own portfolio emissions in due course. Therefore, we shall positively view applicants that have started implementing a net zero plan or have made a formal commitment to implement such a plan within an overall ESG strategy.

4.2 UK SMEs³

Investing predominantly in UK-based SMEs or likely to invest more in UK-based SMEs than the proposed BPC investment.

BPC's funding has been earmarked for investment in UK-based SMEs. This does not preclude us from investing in proposals that have a wider geographical remit or include larger businesses in the portfolio, but we will be looking for a strong commitment from applicants that a multiple of the investment provided by us will be invested in UK-based SMEs. Other things being equal, we will favour proposals with greater UK content.

² Where BPC invests on behalf of third-party investors who may have further investment restrictions, those restrictions will apply. Further details can be obtained upon request.

³ Eligible SMEs for BPC comprise businesses with an annual global turnover of less than £100m.

4.3 Management team and track record

A strong and capable management team with the ability to work together cohesively, a verifiable track record, and relevant sector and stage experience.

Applicants must be able to demonstrate that their management team is suitably qualified and collectively possesses the knowledge, experience, and capability needed to successfully build, manage, and exit a portfolio of relevant investments where appropriate. Applicants will also need to demonstrate that the team will be able to work together effectively to deliver against the investment strategy.

We are committed to catalysing diversity in the Venture and Growth Equity sectors, recognising that Diversity, Equity and Inclusion (“DEI”) is a critical success factor for high performing teams. We will request information on applicant’s DEI based on industry recognised frameworks, and organisations that score highly, and teams comprised of individuals from diverse backgrounds, will be viewed positively.

4.4 BPC’s role in fundraising efforts

Evidence that a BPC investment could unlock significant private sector investment.

We are designed to be significant in an applicant’s fundraising efforts. We aim to invest where our investment is expected to unlock additional private sector capital. This aim will normally be met by BPC investing in a proposal: (i) to anchor the fundraising; (ii) to enable the fundraising to close or; (iii) to enable the fundraising to achieve optimal size. Proposals for investment for other situations will be considered on a case-by-case basis.

4.5 BPC share of proposal

BPC will be a significant investor, but always less than 50%, and will prefer proposals with greater private sector match.

We are designed to be significant in an applicant’s fundraising efforts and we will consider committing to invest up to 49.9% of the total proposal value. We should not however be liable for a majority of the investment in the proposal at any point and other things being equal we will prefer proposals with greater private sector investor match. Proposals must demonstrate that the applicant has effective fundraising capability to raise adequate matching capital from private sector investors.

4.6 Manager remuneration and costs

Demonstrate that the level of management fees, costs, and/or incentives are commensurate with value delivered and that performance related compensation aligns the interests of the management team with investors.

Proposals should demonstrate that management fees and charges are reasonable and linked to running costs. Carried interest and other similar performance related compensation should be designed to align the interests of the management team with investors. Ours overall assessment will balance expected returns with management fees, costs, and incentives to make an overall judgement on value for money. Whilst lower fees and costs will be preferred, we recognise that applications with the lowest level of fees or costs will not always represent the best value for money.

4.7 Pari passu

BPC investment terms to be pari passu with private sector investors.

BPC will only invest on at least as favourable terms as private sector investors, including in respect of returns, fees, costs, and incentives. We will give greater weight to proposals where terms are in line with best practice. We maintain our right to seek to negotiate any improvement in terms that it thinks reasonable.

4.8 Minimum proposal size

Proposals targeting at least £50m

Research suggests that a minimum size is needed in order to produce good returns and there is a consensus that a proposal of at least £50m is about the right minimum level. We will only consider investments into smaller proposals where the applicant is able to clearly demonstrate that the size of proposal is viable given their proposed investment strategy. There is no cap on the maximum size of proposal that we will invest in.

4.9 BPC investment value

BPC investment of £5m to £100m into any proposal, though £10m to £50m will be preferred.

Our investment into any proposal will generally be in the range of £5m to £100m, though £10m to £50m will be preferred. We may invest less than or more than this amount if there is a particularly strong case for doing so and it is commercially justifiable.

4.10 No subordinated or subsidised public sector support

Proposals must not receive any form of subordinated or subsidised public sector support.

We do not intend to compete with other forms of public sector support for investment into SMEs. We will not invest in any proposal that receives subordinated or subsidised Government, public sector, or European Structural Fund investment. A similar prohibition applies to investing in tax advantaged funds such as VCT or EIS funds.

4.11 Location and regulation

Proposals must be consistent with British Business Bank's tax policy and must meet regulatory requirements.

Typically, structures located in the UK or EEA and managed by a UK or EEA based manager will be eligible. Other overseas structures may also be acceptable. The proposal must be consistent with the requirements of British Business Bank plc's group-wide tax policy, a copy of which can be found on the British Business Bank website at: www.british-business-bank.co.uk/transparency/

Applicants must have all appropriate permissions, registrations, and authorisations to raise and operate the relevant investment vehicle.

4.12 Monitoring and governance

The applicant must have appropriate monitoring, reporting, and governance processes in place.

BPC will need to ensure its investment will, and will continue to be, properly monitored and managed.

In addition to providing details on formal reporting, successful applicants will be expected to set out how they will additionally engage with us to provide information and assurance on the management and performance of the portfolio. As part of this, we will expect this reporting and engagement to include ESG factors, including greenhouse gas emission and DEI metrics, within agreed timeframes. In any event we will expect regular relationship meetings with key persons and senior team members involved in managing its investment for the proposal.

In recognition of its significant investment BPC will generally expect to be represented on the Advisory Committee (or equivalent investor forum).

Successful applicants will need to evidence appropriate ethical standards in relation to the proposed investment activity, operations, and general business activities so as not to cause embarrassment to BPC in view of its status as a Government owned entity. Additional or alternative proposals from applicants would be welcomed provided they are compatible with maintaining BPC's limited liability as an investor.

5. Terms and Conditions

The terms of this Request for Proposals and any investments due to be made under it may be withdrawn at any point.

BPC invests on its own behalf and on behalf of third-party investors who investments BPC manages. These terms and conditions apply equally to assessments and decisions made by BPC on behalf of such third parties.

We reserve the right at any time not to make an investment and / or cancel or withdraw from the process at any stage. Any costs or expenses incurred by an applicant will not be reimbursed and we will not be liable in any way to an applicant for costs, expenses or losses incurred as a result of this process.

We reserve the right to reject any and all applications at any stage, with or without cause.

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

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

Please note that BPC (and any third-party investor whose investments BPC manages) acts as an investor for the purposes of this Request for Proposals and therefore this Request for Proposals does not require approval under financial promotion legislation or corresponding rules.

Applicants should be aware that we are not authorised to carry out regulated activity. We will thus be unable to consider responses where receipt or processing would require any form of regulatory authorisation or permission.

Any offer to invest in a proposal made by BPC on its own behalf and on behalf of any third-party investors will be subject to the prompt and satisfactory agreement of legal terms. Applicants will also be expected to provide a timetable for meeting any other obligations, such as the raising of private sector investment, and successful completion of an application will be conditional on meeting that timetable.

Legal documentation for BPC and any third-party investor will be on substantially the same terms.

Respondents should note that information received by us 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 and data protection regulations and legislation, including but not limited to the Data Protection Act 2018 and the European Union's General Data Protection Regulation((EU) 2016/679). 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 we or any member of the British Business Bank plc group or any third-party investor (to the extent it is

subject to such laws) receives a request for disclosure of information, 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 BPC or the recipient of such request for disclosure and ultimately the Information Commissioner and courts.

Personal data will be processed in accordance with the privacy notice on our website www.british-business-bank.co.uk/privacy-notice

By submitting a proposal, applicants accept the terms and conditions set out in this Section 5. Except for this Section 5, which is intended to be legally binding, this Request for Proposals is not a legally binding document and should be treated as indicative only.

6. Legal notices

Legal Notices British Patient Capital Limited forms part of the commercial arm of the British Business Bank. It is a wholly owned subsidiary of British Business Bank plc, registered in England and Wales, registration number 11271076, registered office at Steel City House, West Street, Sheffield, S1 2GQ. It is not authorised or regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA).

British Business Bank plc and its subsidiary entities are not banking institutions and do not operate as such.

A complete legal structure chart for British Business Bank plc and its subsidiaries can be found on the British Business Bank plc website.



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British Patient Capital Limited, registered in England and Wales, registration number 11271076, registered office Steel City House, West Street, Sheffield S1 2GQ. A wholly owned commercial subsidiary of British Business Bank plc, registered in England and Wales, company registration number 08616013, registered office Steel City House, West Street, Sheffield, S1 2GQ. British Business Bank plc is a development bank wholly owned by HM Government. It and its subsidiaries are not banking institutions and do not operate as such. They are not authorised or regulated by the Prudential Regulation Authority or the Financial Conduct Authority. A complete legal structure chart for the group can be found at www.british-business-bank.co.uk.