

“Help to Grow” Growth Loans Pilot

A Request for Proposals

18th March 2015



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1. Introduction

1.1 *British Business Bank*

British Business Bank plc¹ and its operating subsidiaries (“**BBB**”) has been set up as an economic development bank to create more effective and efficient finance markets for smaller businesses in the UK. BBB is thus contributing to making the UK the best place in Europe to start, grow and finance a business.

Around £3.9 billion² of capital is available to BBB for new and existing programmes which will help create new ways to unlock finance for smaller businesses. BBB is bringing together expertise and funding to support economic growth by improving the UK’s business finance markets. BBB invests or administers Government funding alongside or through private sector partners and uses targeted guarantees and funding options to encourage more private sector lending and investment.

This Pilot is being funded and delivered by British Business Finance Limited (“**BBFL**”), a subsidiary of the British Business Bank plc. BBFL is tasked with addressing particular types of market failure and BBFL’s remit has been agreed with the European Commission as part of its State aid approval. BBFL focuses on increasing access to finance for young and high growth small and medium-sized enterprises (“**SMEs**”)³ on either a commercial or aided basis.

¹ British Business Bank plc is a public limited company registered in England and Wales registration number 08616013, registered office at Foundry House, 3 Millsands, Sheffield, S3 8NH. As the holding company of the group operating under the trading name of British Business Bank, it is a development bank wholly owned by HM Government which is not authorised or regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). British Business Bank plc operates under its own trading name through a number of subsidiaries, one of which is authorised and regulated by the FCA.

British Business Finance Ltd is a wholly owned subsidiary of British Business Bank plc, registered in England and Wales registration number 09091928, registered office at Foundry House, 3 Millsands, Sheffield, S3 8NH. It is not authorised or regulated by the PRA or FCA.

British Business Bank Investments Ltd is a wholly owned subsidiary of British Business Bank plc, registered in England and Wales, registration number 09091930, registered office at Foundry House, 3 Millsands, Sheffield, S3 8NH. It is not authorised or regulated by the PRA or FCA.

British Business Financial Services Ltd is a wholly owned subsidiary of British Business Bank plc, registered in England and Wales registration number 09174621, registered office at Foundry House, 3 Millsands, Sheffield, S3 8NH. It is not authorised or regulated by the PRA or FCA.

Capital for Enterprise Fund Managers Limited is a wholly owned subsidiary of British Business Bank plc, registered in England and Wales, registration number 06826072, registered office at Foundry House, 3 Millsands, Sheffield, S3 8NH. It is authorised and regulated by the FCA (FRN: 496977).

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 at www.british-business-bank.co.uk.

² Source: British Business Bank, Strategic Plan; June 2014

³ SMEs are defined as micro, small and medium-sized enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding £39 million, and/or an annual balance sheet total not exceeding £33 million.

1.2 Growth Loans Pilot

The BBB's latest assessment of the business finance markets⁴ has indicated that smaller businesses are now more likely to seek funding for growth than has previously been the case. Research conducted by BBB⁵ has identified a gap in the market for access to finance for SMEs with significant growth opportunities but which have exhausted, or are otherwise unable, to raise sufficient senior debt to fund their growth. In addition, the SME may not be ready or sophisticated enough for alternative sources of finance, such as equity investment. BBB research indicates this gap exists for SMEs seeking to accelerate their growth and requiring investment in the range of £0.5m to £5m, but particularly up to £2m.

Whilst the characteristics and structure of growth loans may vary, these are typically debt instruments with interest and capital repayments specifically tailored to the needs of growing businesses. For example, interest might be paid on a regular monthly or quarterly basis throughout the loan term or may be deferred, capital repayments may also be deferred and, often, returns include a share in any success the borrower achieves. See page 21 'What are growth loans?' of BBB's research findings for typical features of a growth loan product.

As recently announced by the Prime Minister, the Growth Loans Pilot (the "**Pilot**") will aim to increase the supply of lending to growing SMEs by at least £100m. The Pilot will support BBB's objectives by working with successful applicants ("**Applicants**") to inform the development of new solutions to fill the growth finance gap for SMEs.

This Request for Proposals ("**RFP**") provides potential Applicants with the necessary information to decide whether to submit a proposal ("**Proposal**") to take part in the Pilot. Proposals should be aligned to the Pilot's objectives, which are:

- to increase the supply of growth loans to eligible SMEs with potential for sustainable fast growth;
- to test possible partnering and financing structures with a view to informing a potential wider roll-out of a BBB "growth loans" programme in the future; and
- to attract private sector capital into the identified market gap and demonstrate that this market offers a viable investment opportunity for the private sector.

Potential Applicants

We welcome Proposals from a wide range of Applicants that lend (or intend to lend) to viable UK SMEs looking to grow.

We envisage two types of Applicant for whom participation in the Pilot is likely to be of interest and we would welcome applications from both:

- **Applicants with capital:** Applicants with sufficient capital and the required skills to provide growth loans of up to £2m to eligible SMEs but who may consider this activity unattractive on a risk versus reward basis; and

⁴ <http://british-business-bank.co.uk/british-business-bank-research-finds-almost-half-british-smes-making-plans-grow-2015/>

⁵ British Business Bank (2015) "Analysis of the UK Smaller Business Growth Loans Market" <http://british-business-bank.co.uk/performance/research-on-smaller-businesses/analysis-of-the-uk-smaller-business-growth-loans-market/>

- **Applicants without sufficient capital:** Applicants with the skills and ambition to lend in this market but who do not currently hold sufficient funds to implement their investment strategy.

Potential Assistance Available from BBFL

BBFL will consider providing two types of assistance to successful Applicants. We are interested in Proposals requesting assistance via either mechanism:

- Structured first loss guarantees (“**Guarantees**”) from BBFL to the Applicant on newly originated growth loans to eligible SMEs, in return for a fee. Guarantees would provide downside risk protection and would be most suitable for Applicants with sufficient capital;

OR

- Capital investment (“**Capital Investments**”) by BBFL into funds (the “**Funds**”), that would provide growth loans to eligible SMEs. BBFL capital investment would be made alongside that of private sector investors (the “**Private Investors**”), where Applicants are unable to raise all the capital they require to create a fund of sufficient scale from other market sources.

a) Guarantees

The Pilot will consider Proposals requesting a Guarantee from BBFL to the Applicant with an expected maximum of up to 75% of capital loss on each individual SME growth loan (the “**Guarantee Rate**”) ⁶. The maximum guarantee pay-out from BBFL to any successful Applicant is expected to be capped at a maximum of 15% of total gross lending value in any annual lending period (the “**Guarantee Cap**”) ⁶, equivalent to 20% of post recovery losses x 75% Guarantee Rate.

Proposals should include a Guarantee Rate and a Guarantee Cap. When considering Proposals BBFL will take into account the combination of Guarantee Rate and Guarantee Cap that is proposed and a preference will be shown to Proposals requesting lower Guarantee Rates and Guarantee Caps.

Guarantee Proposals will also need to ensure an appropriate sharing of returns to BBFL, including payment of a fee (the “**Guarantee Fee**”). The Guarantee Fee will be linked to the risk profile of the SME in receipt of the guaranteed loan and we anticipate that in most cases this is likely to be a minimum of 2% per annum of the full loan amount. For higher risk SMEs the Guarantee Fee payable would need to be higher. It may be possible to structure payment of the Guarantee Fee to BBFL such that it mirrors the return profile agreed between the successful Applicant and the SME.

⁶ Under current State aid regulations for a guarantee scheme, the maximum permissible Guarantee Rate is 80% and maximum permissible Guarantee Cap is 25%.

b) Capital Investments

The Pilot will consider Proposals from financial intermediaries seeking investment from BBFL alongside that of Private Investors into Funds targeting high growth SMEs.

Proposals will be considered where BBFL investment is sought on either “matched” (i.e. pari passu) or “unmatched” (i.e. differing) terms with those of the Private Investors.

BBFL’s investment may be up to £20m in any one Fund, subject to that Fund making a maximum loan per SME of £2m (£5m by exception).

For pari passu Proposals, the maximum BBFL investment would be 50% of total Fund size and all returns from the Fund would have to be identical for both Private Investors and for BBFL.

For Proposals on unmatched terms, BBFL’s investment would be up to maximum of 40% of total Fund size and a prioritised return⁷ to BBFL would be required.

The Pilot may also consider supporting innovative alternative structures aimed at developing the growth loans market for SMEs, so long as any alternative structure falls within the remit of BBFL and is compliant with relevant State aid regulations.

Outline of Proposal Requirements

When formulating Proposals, Applicants should consider the application process and assessment criteria set out in Sections 2 and 3 of this RFP. Applicants should also be aware that BBFL operates under a specific State aid approval which sets the parameters of its activities. Applicants should also therefore consider the State aid information in Section 4.

BBFL is committed to generating a return across its programmes. However where appropriate and necessary, BBFL will consider aided interventions. Proposal will therefore need to demonstrate how a BBFL Guarantee or Capital Investment will act as a financial enabler which allows the Applicant to provide additional growth loans to the specified target market.

Each Proposal will be assessed individually and additional requirements may be identified in the process of discussions.

⁷ The prioritised return will be equivalent to interest charged at an agreed rate on the balance of BBFL’s outstanding investment in the Fund.

2. Process for the Growth Loans Pilot

2.1 Application Process

BBFL invites applications from any Applicant which is able to meet the criteria set out for the Pilot in this RFP and which is able to comply with the application process detailed below. The intention is to support a broad range of proposals.

The Pilot will remain open for applications from the date of issue of this RFP until 5.00pm on Tuesday 30th June 2015. We reserve the right to extend this closing date at any time by notification on the BBB website (www.british-business-bank.co.uk).

As Proposals may be rejected at any stage, Applicants are encouraged not to make further efforts or incur costs beyond any stage until invited to do so by BBB. Applicants unsuccessful at any stage of the application process will be advised of this in writing by BBFL. Applicants may submit a revised Proposal during the period the Pilot is open for applications, provided that all concerns, weaknesses and/or deficiencies raised by BBFL in previous feedback have been addressed.

Stage 1

- **Expression of Interest:** Applicants are encouraged to make contact at the earliest opportunity by email to growthloans@british-business-bank.co.uk to express an interest in the Pilot.
- **Initial Discussion:** We will invite Applicants to have an initial discussion with us to review the key elements of their Proposal and give them an opportunity to ask any questions regarding the Pilot.

Stage 2

- **Formal Proposal:** After the Expression of Interest and Initial Discussion, selected Applicants will be invited to submit a Formal Proposal detailing how their Proposal meets the criteria set out in this document. Any information schedules requiring completion as part of the Formal Proposal will be provided to the Applicant at this stage.
- **Management Presentation:** Following receipt of a Formal Proposal, BBFL expects to meet with the management team, to discuss the Formal Proposal and the Applicant's existing and proposed future operations. BBFL may ask the Applicant for additional information beyond that included in the Formal Proposal. Thereafter, BBFL will decide whether progression to the due diligence stage is appropriate.

Stage 3

- **Due Diligence, Negotiations and Indicative Terms:** Due diligence will focus on formally assessing the Applicant's business, its origination practices, sources of funding, track record and proposed lending/investment strategy. Any information provided by an Applicant will need to be satisfactorily validated by BBFL at the end of this stage. If the due diligence is satisfactory, BBFL will communicate an 'in principle' intention to enter into a guarantee contract or make an investment with the Applicant, subject to final due diligence, approvals and legal completion (an "**Award**").

Stage 4

- **Final Due Diligence, Negotiations and Award:** BBFL will then proceed with the final due diligence, agreement of final terms and completion of legal documentation including, where applicable, satisfaction of any conditions precedent.

Awards will be valid for a period of six months following notification. If completion does not take place within six months of the Applicant receiving notification of an Award, the Award may be withdrawn. Prior to an Award being made, BBFL reserves the right to change the six month availability period of the Award without prior notice, or to negotiate different availability periods for specific Proposals on a case-by-case basis.

BBFL reserves the right not to make any Awards should the quality of Proposals, in the opinion of BBFL, not meet the requirements of the Pilot.

2.2 Timetable

Receipt of Expressions of Interest

- **The Pilot will remain open for Expressions of Interest until 5.00pm on Tuesday 30th June 2015.**
- If BBFL considers that there have been an insufficient number of viable Proposals by the closing date or that the range of Proposals is too narrow, BBFL may, at its sole discretion, extend the closing date. Amendments to the timetable will be published on our website.

Assessment of Proposals

- Proposals will be assessed as they are received.
- BBFL will make reasonable endeavours to respond promptly to Applicants at each stage of the application process.
- BBFL reserves the right to reject Proposals at any stage of the application process detailed in Section 2.1.

Awards will only be made after 30th June 2015, following the intended closing of the window for Expressions of Interest. If the window for Expressions of Interest is subsequently extended beyond 30th June 2015, Awards may be made during the extension period.

Delivery of Expressions of Interest and Formal Proposals

- Expressions of Interest and Formal Proposals should be submitted by email and, where applicable, in portable document format ('PDF') to growthloans@british-business-bank.co.uk.
- All Applicants will receive an email confirming receipt of their Expression of Interest and/or Formal Proposal.
- Any accompanying spread sheets should be compatible with Microsoft Excel and, if protected, the means to access them should be advised separately.
- By sending in an Expression of Interest, Applicants confirm they have read this RFP, including **the important Legal Notice set out in Section 5.**

Further Information

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

3. Assessment Criteria

The paragraphs below detail the criteria against which Formal Proposals will be assessed. Formal Proposals should seek to address each of these criteria and meet the objectives of the Pilot (see Section 1.2) as closely as possible. Where any requested information is unavailable, or cannot be disclosed, Applicants should make this clear in their Proposal.

3.1 *Eligible SMEs*

Proposals should be focused on lending to viable unlisted SMEs, operating in the UK, with consolidated annual global turnover of up to £39m. Proposals able to demonstrate a focus on lending to SMEs with a consolidated annual global turnover of less than £25m will be viewed favourably. In particular Proposals should be targeted at providing growth finance to eligible SMEs which are likely to demonstrate:

- a track record of sustained sales growth (likely to be in the range of 5-20% per annum averaged over the last three years);
- viable growth plans;
- a strong management team;
- that they are struggling to raise sufficient senior debt to fund their growth opportunities.

Proposals will also be assessed for their compatibility with the State aid remit of BBFL which, depending on the Proposal, may further restrict the range of SMEs eligible for assistance. Please see Section 4 for further detail.

3.2 *Lending / Investment Strategy*

The Applicants' lending/investment strategy must be based on the provision of growth loans of £0.5m-£2m (£5m by exception). The features and characteristics of the growth loans are likely to include:

- flexibility on capital and/or interest repayments, although with no more than 50% of interest deferred;
- the expected return primarily debt-based;
- sharing in potential upsides through equity-like instruments/return sharing mechanisms.

Growth loans may be structured as stand-alone loans running alongside or beneath senior debt or as unitranche transactions, under which senior debt is provided alongside a junior/mezzanine component in one blended rate facility.

Applicants should demonstrate their ability to access eligible SMEs effectively by describing the distribution channels and referral networks they already have in place or will put in place.

Applicants should provide evidence that any growth loans provided via this Pilot will be additional to their existing lending or investment activity and will not displace or substitute their existing lending or investment. Proposals will be viewed favourably if the Applicant can demonstrate an ability to stimulate additional lending to SMEs, through one or more of the following mechanisms:

- leveraging additional senior debt;
- stimulating provision of finance to underserved eligible SMEs not able to raise senior debt; or
- providing access to a market the Applicant would otherwise be unable to serve or significantly increases their access to that market. For example, by encouraging smaller deals than the Applicant would currently consider in the target space.

Proposals should also detail the extent to which portfolio risk will be diversified by sector, geography and size of loans to businesses, and concentration risk by distribution of deals across the investment range of £0.5m-£2m (£5m by exception).

3.3 Lending / Investment Amount and Tenor

Applicants wishing to participate in the Pilot must be capable of operating at the following scale:

- **Guarantees** - able to lend a minimum of £10m per annum during the Pilot.
- **Capital Investment** – deploy £10m to £20m of investment from BBFL alongside at least that amount from Private Investors, with an ability to fully deploy the Fund into which any Award is made within circa two years of legal completion.

There is an expectation that all successful Applicants will:

- be ready to begin lending by late 2015 / early 2016;
- be able to deploy over circa 24 months;
- demonstrate that BBFL will be free of Guarantee commitments or have had Capital Investment repaid in full within a maximum of seven years after the end of the lending period.

3.4 Origination Systems and Processes

The Formal Proposal should provide details of the Applicant's origination systems and processes including, but not limited to:

- structure and location of the management, origination and portfolio management team;
- track-record of ability to originate growth loans;
- availability of historic portfolio performance data of the Applicant or management team;
- information regarding internal risk assessment criteria and management procedures;
- expected drawdown profile of any Award made under the Pilot; and
- pipeline of near-term lending opportunities.

The Applicant must demonstrate that robust and tested systems and processes are in place for making and managing loans including but not limited to loan documentation, back-office systems, monitoring and governance arrangements and management information reporting.

Successful Applicants will be required to submit data on investments in a standardised format and according to a timeframe as specified by BBFL, recognizing the pilot nature of the programme.

3.5 Guarantee Structure / Investment Returns

In developing Proposals, Applicants should provide details of their return expectation and their proposed pricing (including all fees and charges) to eligible SMEs.

Proposals will be required to demonstrate how the BBFL Guarantee or Capital Investment will impact the financial performance and returns profile of the Applicants' (proposed) activities in the SME growth loans market.

Guarantees - Applicants should include details of their required Guarantee Rate, Guarantee Cap and Guarantee Fee, including the profile of Guarantee Fee payments to BBFL. Applicants should note that it is intended that any Guarantee would be issued to the Applicant by British Business Finance Limited.

Capital Investment - Applicants must be explicit as to whether BBFL participation is intended to be on a pari passu or unmatched basis and provide details of the intended terms. In all cases Applicants should advise whether they have identified the likely Private Investors and, if so, whether at least indicative commitments are held from them.

In addition, for unmatched investment Proposals, Applicants will need to explain the level of proposed priority return to BBFL, the profile of capital distributions and profit sharing arrangements.

3.6 Management Team and Track Record

Applicants must be able to demonstrate that they have a competent team, with sufficient expertise to execute the Proposal's lending/investment strategy. Applicants should provide:

- CVs of the Applicant's management team and key personnel;
- details of referees from whom BBFL can take references on the Applicant and key individuals;
- recent and relevant experience of, and successful track record in, the provision of growth-stage finance; and
- evidence of the management and origination teams having worked together effectively, and their ability to execute the mandate for the full life of the transaction.

Applicants must have suitable standards of reputation and integrity, including appropriate ethical standards in all areas of its proposed operations and must demonstrate this as part of their Proposal.

Where the Proposal relates to a start-up operation or a move into new markets, we expect the Applicant to clearly demonstrate access to sufficient resources, skills and competencies required to execute the Proposal's lending/investment strategy.

If an Applicant identifies any shortfalls in the levels of resources, skills and competencies required to deliver against the Proposal, they will be required to demonstrate how they would expect to address these.

3.7 Compatibility with BBFL Remit

Proposals will be assessed for their compatibility with BBFL's remit and the State aid requirements. These will be assessed on a case by case basis and Proposals will be discussed with Applicants. Applicants should read Section 4 in this RFP which provides an outline of the likely State aid parameters before submitting their Proposal.

3.8 Legal Structure, Regulation and Tax Domicile

Applicants must be able to demonstrate transparent and appropriate investment, regulatory and tax structures. Proposals should also reflect appropriate ethical standards in relation to the proposed lending activity, operations, selection of any Private Investors and general business activities.

Applicants must also confirm that, where applicable, they have necessary authorisations and permissions to conduct activities in line with their lending/investment strategy.

BBFL is not authorised to carry out regulated activity and Proposals that include regulated activity will be rejected. In particular Applicants will be required to ensure that any Proposals seeking a BBFL Guarantee are structured such that they will be characterised as guarantees for regulatory purposes.

4. Remit of BBFL – Outline of State Aid Parameters

BBFL is a subsidiary of the British Business Bank plc. It receives State aid from the Department for Business, Innovation and Skills and acts within a remit agreed with the European Commission, focusing on two pieces of European legislation – the General Block Exemption Regulation (“GBER”) and the *de minimis* aid regulations.

General Block Exemption Regulation

BBFL can make interventions on an aided or commercial basis where those interventions comply with the descriptions and conditions set out in GBER. GBER may be considered for both Capital Investment and Guarantee Proposals. For the purposes of this Pilot, article 21 of GBER, which sets out the parameters for risk finance measures, will be relevant. For an SME to be eligible under GBER parameters, it **must** comply with one of the following conditions:

- it has been operating in any market for less than seven years following its first commercial sale, which does not include sales made to test the market; or
- it requires an initial risk finance investment, which, based on a business plan prepared in view of entering a new product or geographic market, is higher than 50% of its average annual turnover in the preceding 5 years.

Where investments are made on a commercial basis Applicants may be required to demonstrate that they are unable to obtain equivalent funding elsewhere.

Each Proposal will be assessed for compliance with GBER on a case by case basis. In the event that any additional restrictions may also apply these will be discussed in detail with the Applicant.

De Minimis Aid Regulation

BBFL may also make use of the *de minimis* aid regulations, which are particularly relevant for Guarantee Proposals. Where support is provided under the provisions of the *de minimis* aid regulation the Applicant would need to ensure that the grant equivalent of aid received by individual SMEs does not exceed more than €200,000 over a three year period, including any aid that has already been received by the SME from other sources. In certain sectors a lower threshold than €200,000 applies. BBFL will support Applicants in establishing a mechanism to calculate the gross grant equivalent for each individual SME.

General Restrictions

Under current State aid regulations for a guarantee scheme, the maximum permissible Guarantee Rate is 80% and maximum permissible Guarantee Cap is 25%. BBFL’s appetite in respect of Guarantee Rates and Guarantee Caps is set out in Section 1.2.

For all Proposals, the following restrictions will apply:

- Applicants must be located in the UK or another EU jurisdiction.

- the beneficiary SME **must not** be an undertaking in difficulty as defined by the European Commission's General Block Exemption Regulation 2014⁸.
- the beneficiary SME **must** operate in the UK, defined as those SMEs with undertakings that make a material contribution to economic activity in the UK (including UK incorporated companies and branches of foreign incorporated parents with a trading business in the UK) and the purpose of the lending, or the application of the proceeds of the lending by the SME, **must be** predominantly to the direct benefit the UK economy.
- the provision of support for exporting is not generally permitted, so Applicants whose strategies specifically targets such businesses should contact BBFL to discuss this further in advance of submitting a Proposal.
- the SME **must not** operate in any of the following restricted sectors:
 - synthetic fibres and yarns;
 - motor vehicles;
 - shipbuilding;
 - coal or steel;
 - transport; and
 - production of agricultural and fisheries products.

⁸ Paragraph 18 of Article 2 of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN>

5. Legal Notice

By responding to this RFP, all respondents are deemed to acknowledge and accept the terms contained herein including in particular this Section 5.

British Business Bank plc and its subsidiaries reserve the right at any time not to continue with the current process and/or cancel or withdraw from the process at any stage and any costs or expenses incurred by respondents will not be reimbursed. British Business Bank plc and its subsidiaries exclude their liability for any costs, expenses or losses incurred by respondents to the full extent permitted by law.

British Business Bank plc and its subsidiaries reserve the right to amend any timetable and/or other aspects of the current process at their discretion.

British Business Bank plc and its subsidiaries may request clarification of information and additional information regarding a response and/or may also request face to face meetings. Refusal to provide such clarification, information or meetings may cause a submitted response to be rejected. Where no reply to a request for information or for clarification is received within ten business days, British Business Bank plc and its subsidiaries may assume that the submission has been withdrawn.

Respondents should note that information received by British Business Bank plc and its subsidiaries as part of the current 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 (DPA) 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 British Business Bank plc and its subsidiaries receive a request for disclosure of information provide 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 British Business Bank plc and its subsidiaries and ultimately the Information Commissioner and courts. Personal data will be processed in accordance with the DPA: in the majority of circumstances this will mean that personal data will not be disclosed.

No representation, express or implied, is made by British Business Bank plc and its subsidiaries as to the completeness or accuracy of any facts or opinions contained in this RFP and recipients should seek their own independent legal, financial, tax, accounting or regulatory advice before making any investment decision.

This RFP does not constitute an offer document or an offer of transferable securities to the public in the UK to which section 85 of the Financial Services and Markets Act 2000 of the UK (“**FSMA**”) applies and should not be considered as an offer, solicitation or recommendation to subscribe for or purchase securities.

This RFP is not being distributed by, nor has it been approved for the purposes of section 21 of FSMA by, a person authorised under FSMA. This RFP is for distribution only to, and is directed only at, persons within the United Kingdom who are:

- (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Financial Promotions Order**”); and
- (ii) high net worth entities of the type falling within Article 49(2) of the Financial Promotions Order; and
- (iii) to the extent that doing so does not prejudice the lawful distribution or direction of the communication to or at the foregoing, other persons to whom it may lawfully be directed or communicated,

all such persons together being referred to as “**relevant persons**”. Any investment activity to which this RFP relates will only be available to, and will only be engaged in with, relevant persons. Any person who is not a relevant person should not act or rely on this RFP or any of its contents. By responding to this RFP, respondents are deemed to represent and warrant that they are a relevant person.

No part of this RFP should be published, reproduced, distributed or otherwise made available in whole or in part in any jurisdiction where to do so would be unlawful.

Any Award made by British Business Bank plc and its subsidiaries as a result of this process will be subject, *inter alia*, to completion of satisfactory due diligence, necessary approvals and the prompt and satisfactory agreement of legal terms.

British Business Bank plc and its subsidiaries may consider using European sources of funding or risk-sharing schemes to support this Pilot and respondents who are aware that they are or may be ineligible for such funding should make this clear in their responses.

British Business Bank plc is a public limited company registered in England and Wales registration number 08616013, registered office at Foundry House, 3 Millsands, Sheffield, S3 8NH. As the holding company of the group operating under the trading name of British Business Bank, it is a development bank wholly owned by HM Government which is not authorised or regulated by the Prudential Regulation Authority (“**PRA**”) or the Financial Conduct Authority (“**FCA**”). British Business Bank plc operates under its own trading name through a number of subsidiaries, one of which is authorised and regulated by the FCA.

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