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Debt Funds Proposal



Investment Programme Proposal

January 2024

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Applicants are asked to ensure that prospective Investment Programme Proposals have been discussed with a member of the BBI Investment Team prior to completing and submitting this document.

For contact details please e-mail: [**InvestmentProgramme.Proposals@BBInv.co.uk**](mailto:InvestmentProgramme.Proposals@BBInv.co.uk)

When complete please return this document in Word format to Richard Coldwell, Debt Funds Programme Director: [**richard.coldwell@bbinv.co.uk**](mailto:richard.coldwell@bbinv.co.uk) and [**InvestmentProgramme.Proposals@BBInv.co.uk**](mailto:InvestmentProgramme.Proposals@BBInv.co.uk)

# 1. Background

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| Provide a background of the applicant |  |
| Please provide a brief overview of the applicant’s history, background, and business strategy. |  |

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| For use of BBI team: |

# 2. How do you address the programme’s criteria?

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| a) Target market |  |
| Please provide details (or an illustration if available) of the applicant's proposed target market, including but not limited to:   1. Type of borrowers; 2. Revenue size of borrowers; 3. Industry sector breakdown and any explicit exclusions; 4. Geographical breakdown; |  |
| Please summarise the applicant's investment strategy including details where applicable on:   1. View of downside protection; 2. Nature of instrument (senior/junior/unitranche); 3. Concentration limits on transaction size/sectors/stage/geography/other; 4. Minimum expected UK content. |  |
| Please give details of equity positions taken, including stake taken in investee businesses. |  |

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| For use of BBI team: |

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| b) Investment strategy |  |
| Please describe the product types to be funded through a commitment from BBI and the anticipated use of funds by borrowing SMEs. |  |
| Please confirm the expected size and duration range of loans (minimum, maximum and average). |  |

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| For use of BBI team: |

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| c) Investment size and tenor |  |
| Please indicate the amount of commitment being requested from BBI. |  |
| Please indicate the close that the applicant anticipates BBI to commit to the Fund (i.e. first, second etc) and the timing between the first close and final close of the Fund. |  |
| Please confirm the tenor of commitment being requested, identifying the proposed investment period, period of repayment and any extension period. |  |

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| For use of BBI team: |

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| d) Deployment of funds (origination) | |
| Please provide details on the origination strategy of the applicant to support the proposed deployment forecast. This should identify:   1. Structure / location of the origination and portfolio teams; 2. Types of marketing activities undertaken; 3. Different sources of origination. |  |
| Please describe the applicant's competitive advantage with respect to deal origination. |  |
| Please give an overview (including amount) of the applicant's current pipeline. |  |

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| For use of BBI team: |

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| e) Portfolio management |  |
| Please describe the applicant's ongoing involvement with portfolio companies / please explain how the applicant manages its portfolio. |  |
| Please explain how the back-office functions will be performed and who has overall responsibility within the team for this. If externally managed, please provide details of the third party and roles. |  |

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| For use of BBI team: |

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| f) Match funding | |
| Please indicate the target close date for BBI’s commitment. |  |
| Please confirm the minimum size at this close, and hard cap at final close. |  |
| Please provide details on the applicant's source of match funding, which should include where possible:   1. Funders name or type; 2. Amount of commitment; 3. Stage or detail of progress of negotiations. |  |
| Please confirm that BBI will be investing on a Pari-Passu basis (i.e. on terms no worse than any match funder). |  |

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| For use of BBI team: |

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| g) Commercial returns and renumeration | |
| Please confirm the forecast net return for BBI's investment. |  |
| Please include an explanation of your proposed distribution waterfall for the fund, with respect to the hurdle, catch up and carried interest. |  |
| Please provide an estimate of costs (establishment costs, management fees and ongoing expenses for both the investment and runoff periods) and any proposed caps. |  |
| Please outline the fees/rates charged to borrowers, indicating whether they are fixed or variable. |  |

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| For use of BBI team: |

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| h) Management track record and expertise | |
| Please summarise current and historic lending activities of the team, including the split by different products or strategies where applicable:   1. Total Amount of Lending (£m); 2. No. of loans; 3. Loan Sizes; 4. Default and Loss rates; 5. Overall Return Performance. |  |
| Please provide a summary of the applicant's senior management team and its stability, including:   1. Roles and Responsibilities within the company structure; 2. How long the senior management team have worked together for; 3. Remuneration and incentivisation packages; 4. Background and relevant experience; 5. Details of any directorships held currently or within the past 7 years. |  |
| Please describe the applicant's resourcing plan, including any recruitment required, to deliver the investment strategy. |  |

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| For use of BBI team: |

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| i) Operational structure, legal and regulatory | |
| Please provide a full structure chart of the fund (detailing the domicile/legal form/regulatory status of all fund entities) showing all involved entities, including carried interest vehicles, management company entities and any parallel funds. |  |
| Please confirm if the applicant is a financially regulated entity or a wholly owned subsidiary of a financially regulated entity (please enter the full name of the entity). Please also outline details of relevant regulatory authorisations and permissions that allow the applicant to carry out the activities detailed in this Proposal. |  |

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| For use of BBI team: |

# 3. Additional considerations

In addition to the Programme's criteria, proposals will be viewed more favourably if they can demonstrate integration of the following factors.

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| 1. Sustainability | |
| Please provide an overview of the approach to sustainability/responsible investing/ESG including considerations and strategies to achieve positive impact that form part of the applicant’s business strategy, operations and portfolio management including substantive developments in the last 12 months. |  |
| Please describe how sustainability considerations, in particular around climate and diversity are assessed in the applicant’s pre-investment screening, due diligence and lending/investment decisions. |  |
| Please explain if any green or sustainability linked loan (SLL) products are currently offered or plan to be offered by the applicant.  If so, please provide details of sustainability outcomes, KPIs, terms and conditions. |  |
| Please provide details of any Net Zero strategy or pathway in place and please confirm if the applicant has a target for emissions reduction.  If this is not currently in place, please indicate whether any actions will be taken to develop this over the next 12 months. |  |
| Please provide a summary of the diversity of background of the team, including where relevant the Board, Senior Leadership Team and/or Investment/Credit Committee. |  |
| Please describe how diversity and inclusion considerations are included in the lending decisions. |  |
| Please confirm the applicant's approach to sustainability data collection and reporting at individual company and portfolio level, in particular:   1. Greenhouse gas emissions (scope 3, category 15); 2. Portfolio monitoring on diversity and inclusion metrics; 3. Please advise whether the applicant intends to include any of the above in the future. |  |

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| For use of BBI team: |

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