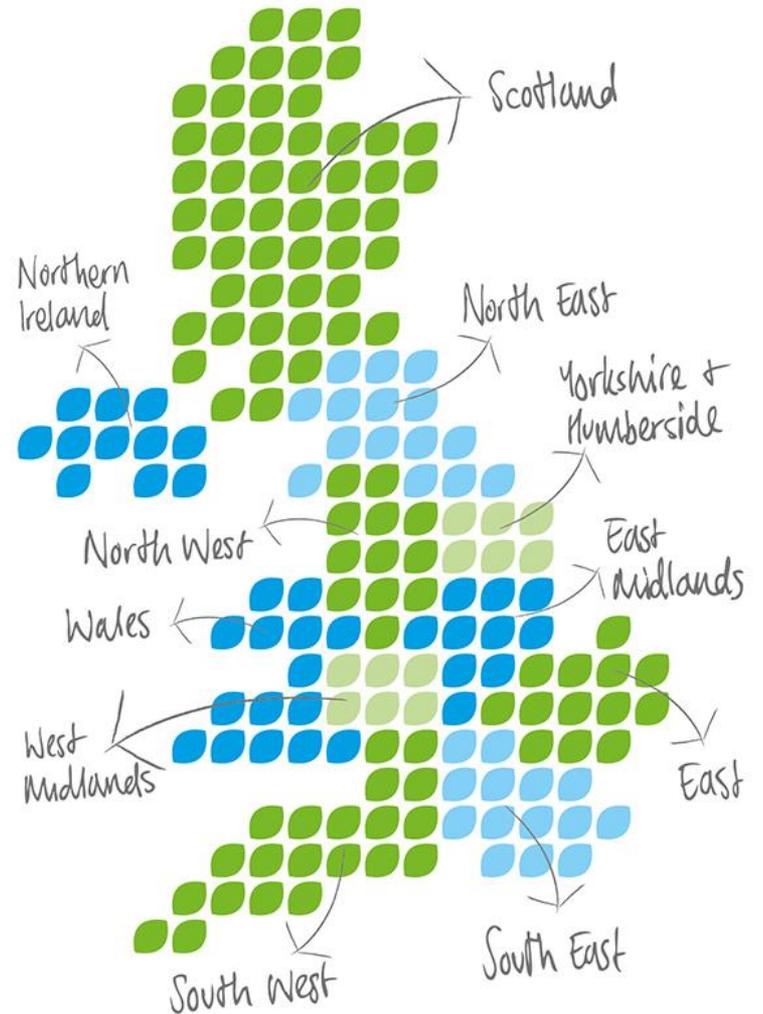


Introduction to the Business Growth Fund



Origins and aim of the Business Growth Fund (“BGF”)

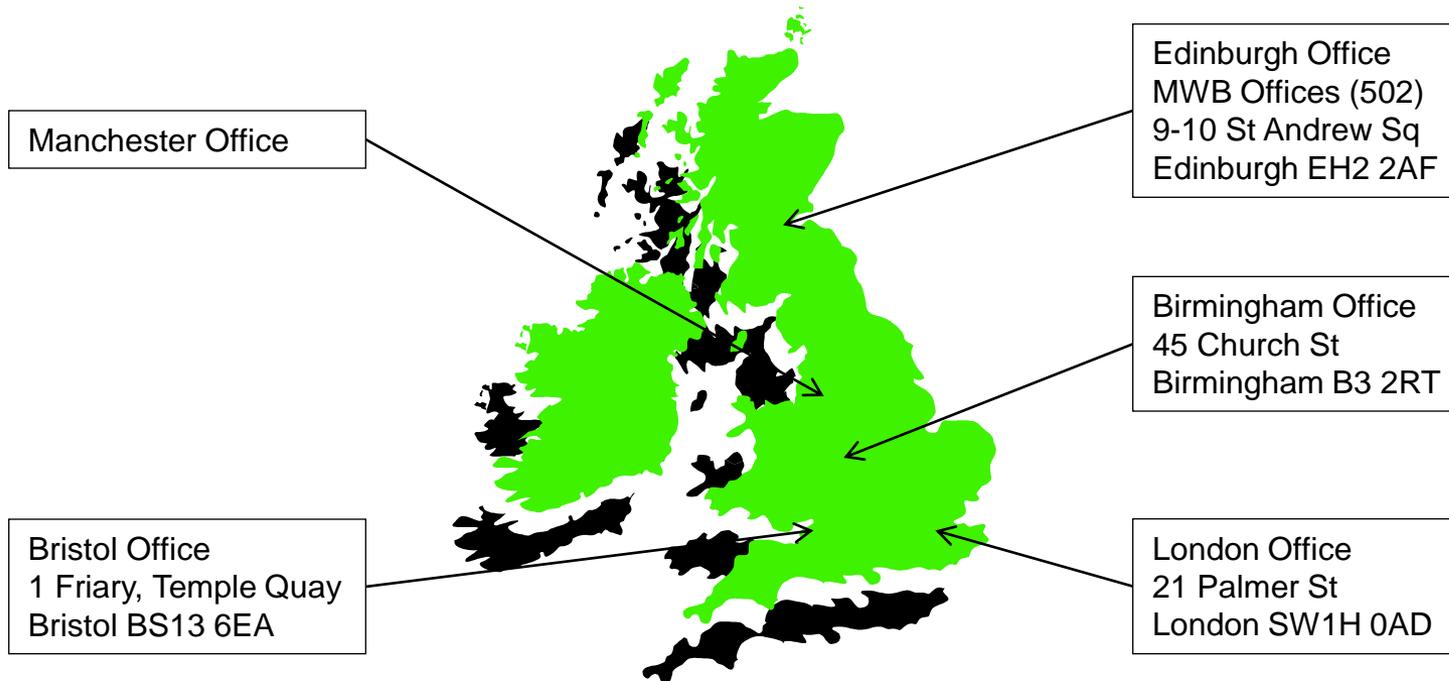
- The Rowlands Review (Nov 09) identified a gap in the provision of £2m - £10m of growth capital
- ‘Project Merlin’ discussions led to the BGF being established in April 2011 by five of the largest UK banks with £2.5bn of committed capital



- The aim of the BGF is to bridge the equity funding gap and support established, growing businesses
- BGF is a commercial business, independent of Government, with autonomous decision making

Locations

- The BGF has a regional network of offices to drive local deal origination, execution and on-going support



Investment focus

- The BGF focuses on funding growth of privately owned UK SMEs, by providing Expansion Capital or Acquisition Finance
- £2-10m equity for a minority stake (typically 20%-40%)
- No buy-outs, but some change of ownership possible. The bulk of the monies raised should stay in the business to fund growth.
- Flexible investment structures, not reliant on debt
- BGF is not a limited life fund so can invest for the longer term
- Co-investment with other funders is possible
- Partnership approach based on trust and alignment of interest
- Board seat always taken, but not to run the business
- Emphasis on value add, assisted by a network of experts

Key company characteristics

- Focus on established UK companies with sales of approximately £10m up to £100m
- Businesses with a strong track record and demonstrable growth potential
- £2m-£10m equity requirement for a minority stake
- Generalist sector focus but heavily growth orientated;
 - Only excluded sectors are financial services (which compete directly with our shareholders) and property

A true partner for families, entrepreneurs and management

- With a seat on the board of portfolio companies, the BGF will:
 - Provide advice on how to finance growth and determine the appropriate capital structure
 - Provide practical support through a network of business partners
 - Provide guidance on strategy for growth, both organic and via acquisition
- Involvement at board level not day-to-day operations
- As a minority investor, the BGF will work in partnership with the owners based on trust and alignment of interest
- BGF will invest for the longer term

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Questions?

Thank You