



HM Treasury

The Patient Capital Review

BVCA Town Hall – 10 July 2018

Jon Sell & Paul Norris

Context

- What was the Patient Capital Review?
- 6 months on from the last BVCA Town Hall we've:
 - Been implementing changes to EIS and VCT schemes, consulted on a new EIS knowledge-intensive fund structure
 - Launched two major new BBB programmes
 - Started work with the Pensions Taskforce to overcome barriers to pensions investment into UK VC
- But there's still more to do...

Patient Capital Review tax changes

4 December 2017

- HMRC published guidance on the capital preservation test
- HMRC began denying Advanced Assurances to capital preservation investments

6 April 2018

- Other EIS/VCT changes, including knowledge-intensive extensions, come into effect [after commencement]
- Updated HMRC guidance published

15 March 2018

- Royal Assent of FB17/18: Formal introduction of capital preservation test and regulation of VCT loans [after commencement]

May 2018

- EIS knowledge-intensive fund consultation closed. The government will respond in due course.

Finance Bill 17/18

Spring Statement 2018

- Consultations launched on Entrepreneurs' Relief (ER) changes and Knowledge Intensive Companies' EIS Fund (as announced at AB17)

July 2018

- EIS/VCT State aid notification received.
- Commencement provisions will apply the changes retrospectively.

6 April 2019

- Amendments to ER qualifying conditions come into effect,
- Required qualifying holding for VCTs rises from 70% to 80% and,
- Required reinvestment of gains time period doubled





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The Managed Funds and British Patient Capital programmes aim to unlock up to £11.5bn investment

Programme

Managed Funds

British Patient Capital



Aim

To invest in and encourage other institutional investors to invest in large-scale funds of funds run by experienced managers.

To enable long-term investment in innovative companies across the UK led by ambitious entrepreneurs who want to build successful, world-class businesses

Size

- Up to £500m available in the initial phase
- BBI intends to make 3 to 4 commitments

- Targeting fund sizes of at least £50m
- BPC investment of £5m - £100m

Target investments

- Investment mandate will be sufficiently flexible to facilitate institutional fundraising
- UK and pan-European strategies with sufficient UK Content
- Focused on primary fund investments, co-investments and secondaries considered

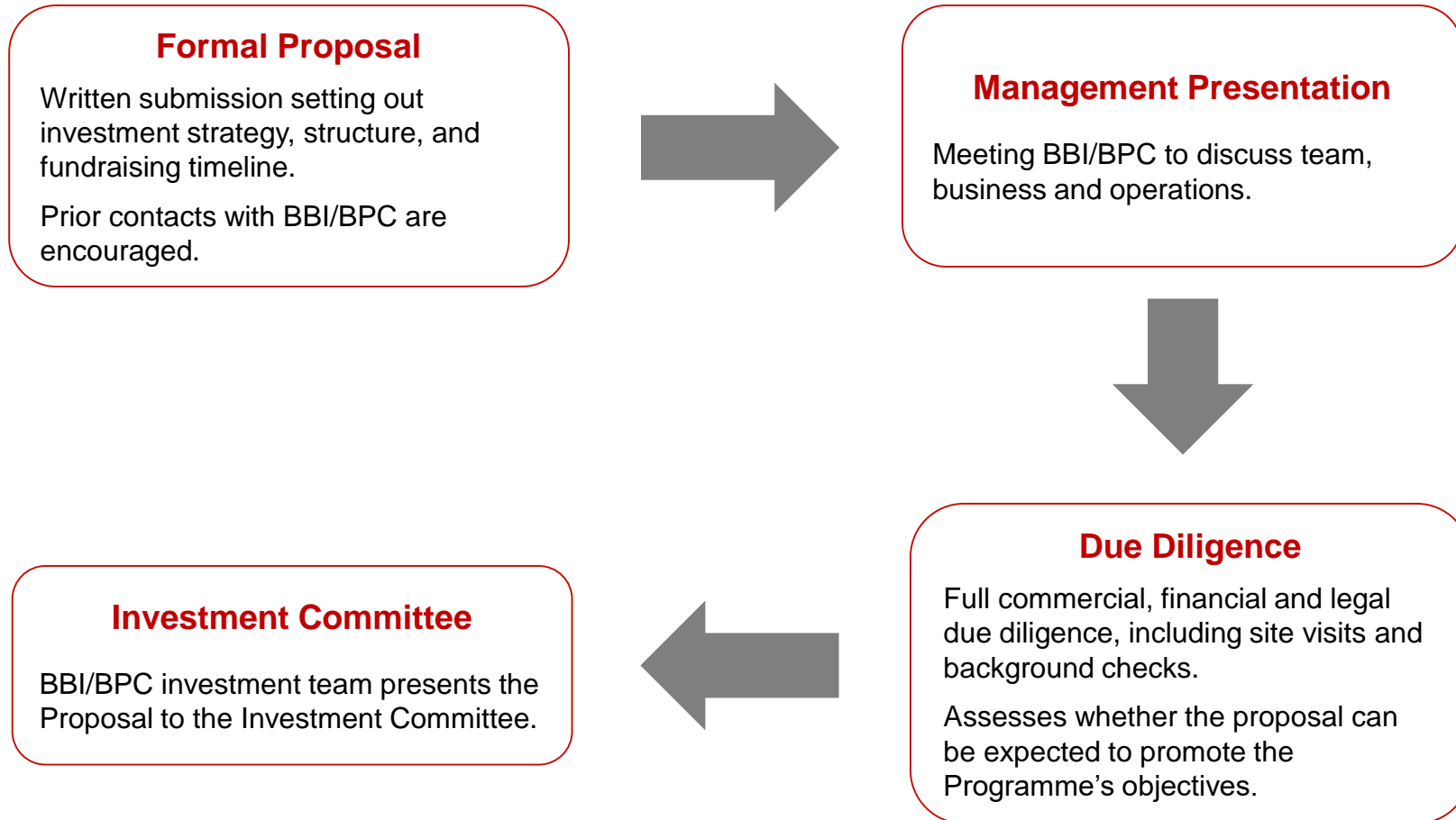
- Venture and growth equity funds (not specialising in MBOs)
- Fixed term or evergreen vehicles
- UK-centric, though will also invest in the best global opportunities

Request for proposals

<https://bbinv.co.uk/request-for-proposals/>

<https://www.britishpatientcapital.co.uk/partner-with-us/>

Our selection process



BBB dual policy and commercial goals have supported the development of 5 British 'Unicorns'

I IMPROBABLE

- Platform for third parties to build vast virtual & simulated worlds
- BBB programme: ECF
- Fund: Amadeus
- Invested: £187k in 2015

MATCHESFASHION.COM

- Luxury high-street and online fashion boutique
- BBB programme: VC Catalyst
- Fund: Scottish Equity Partners V
- Invested: £20m in 2017

mimecast®

- Specialist in cloud-based email management
- BBB programme: ECF
- Fund: Dawn Capital
- Invested: £4.445m in 2008

PURPLE BRICKS .COM

- Online real estate agent
- BBB programme: UKIIF-UKFTF
- Fund: DN Capital
- Invested: £495k in 2014

Revolut

- Digital banking alternative
- BBB programme: UKIIF-UKFTF
- Fund: Balderton V
- Invested: £976k in 2015

Contact details



Expressions of interest:

ManagedFunds@BBInv.co.uk

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