

## Future Fund - government funding to match private investment

19 May 2020: Companies that secure private investment can attract up to £5m on a matched basis from the government's Future Fund. The scheme will be open from 20 May 2020.

### **Purpose and form of funding**

To provide working capital to certain companies which are facing financing difficulties due to the coronavirus outbreak, to help them continue their growth journey.

The funding will be in the form of convertible loans from £125k to £5m, subject to at least equal match funding from private investors.

### **How it works**

The Future Fund is delivered by the British Business Bank. Eligibility criteria apply to the company and its private investor(s).

Applications are made via the Future Fund portal on the British Business Bank's website.

The application process is investor-led:

- / the investor applies in connection with a company
- / the company confirms the investment application details and submits a full application
- / on approval, parties execute an agreement and satisfy its conditions for funds to be released

The company and the investor may each engage a solicitor in connection with the application. The role of the solicitor is explained by the British Business Bank. Standard scheme documentation is set out by the British Business Bank.

## Headline terms

Loan size: from £125k to £5m providing matched by private investors  
Term: 36 months, with early repayment only with the agreement of all investors  
Interest rate: minimum 8% pa (non-compounding). Interest is not payable monthly but accrues until the loan converts. The accrued interest will either be repaid or convert into equity  
Conversion: the loan will convert into shares in the company in certain circumstances  
Standardised terms: the agreement is predefined and cannot be negotiated  
Use of proceeds: restrictions apply

Full terms are available from the British Business Bank

## Eligible investors

Each investor must fall within certain defined categories in the FCA's handbook of rules and guidance, or in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Full details and FAQs for investors are available from the British Business Bank

## Eligible companies

A company that can participate will

- / be UK-incorporated and, if part of a corporate group, must be the parent company
- / have raised at least £250k in equity investment from third-party investors in the period 1 April 2015 to 19 April 2020, inclusive
- / have none of its shares are traded on a listing venue
- / have been incorporated on or before 31 December 2019
- / At least one of the following will be true about the company:
  - / half or more employees are UK-based
  - / half or more revenues are from UK sales

Full details and FAQs for companies are available from the British Business Bank

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