

SOCIAL ENTERPRISE INVESTMENT FUND II 2021-22



**WE BACK
HUMAN
POTENTIAL**

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Vision: A world that works for everyone.

Mission: Create innovative solutions through enterprise, to unlock social and economic opportunities.

15 million people in the UK live in relative poverty¹ and this number is predicted to grow due to the ongoing cost of living crisis. Big Issue Group is setting out a new five-year strategy to support a greater number of individuals, organisations and communities in need, delivering creative solutions to unlock social and economic opportunity for people trapped in poverty.

Through this new strategy, Big Issue Group will deliver an even greater level of impact for marginalised individuals, communities and organisations over the next five years, aiming for up to 11 million people to engage with Big Issue Group products and be positively impacted by Big Issue Group services. You can find out more about Big Issue Group's strategy in the **Big Issue Group Impact Report**.

Delivered through 3 strategic pillars:

Innovation

Creating innovative solutions and income generating opportunities for marginalised people.

Prevention

Offering direct support to help individuals avoid poverty while influencing, through campaigns and journalism, for meaningful social change.

Investment

Investment and lending opportunities for sustainable business, focused on delivering positive social and environmental impact.

As part of the new Big Issue Group strategy, Big Issue Invest aims for 1.5 million end customers per year to benefit from our investments by 2027.

WE BACK HUMAN POTENTIAL

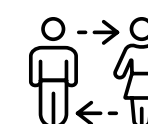
Championing impact-first investing



Supporting with more than money



Pushing for social equality



How will we achieve this?

We will support organisations that generate core solutions to poverty and those who create an enabling environment to supporting people and communities out of poverty.

Core solutions to poverty

Addressing basic needs and essentials of life.



Our objectives by 2030:

- Reach over **10 million** customers in total
- Deliver **70%** of our investments in areas of highest need across the UK
- Maintain over **90%** of the portfolio aligned to core solutions
- Launch **5** new investment funds and programmes
- Grow portfolio assets under management to **£500m**
- Promote the impact investing sector in the UK

Letter from the Director

Social Enterprise Investment Fund II (“SEIF II” or “the Fund”)

The 2021/2022 financial year was a milestone for Big Issue Invest Social Enterprise Investment Fund II LP (“SEIF II”) with the fund signing £6.65 million of new commitments in the period meaning that the fund is now fully deployed having taken its total commitments to 99% of original capital committed. Total investment called moved to £20 million representing 84% of original capital committed. By the end of the period SEIF II had made investments into 16 impactful organisations since inception. The 14 organisations with live investments collectively delivered services generating positive impact outcomes to 60,000 individuals in 2021/22.

Of the £3.5 million disbursed to UK social enterprises during the 2021/22 financial year, £550k was a new investment into Sustainable Workspaces and £2.95 million was via follow-on investments. The follow-on investments were split £2.75 million into Village Underground and £200k into Homes for Good.

SEIF II committed to a £3.25 million investment in Village Underground in December 2021. £2.75 million of this funding is drawn and SEIF II now has a 25% stake in VUX holdings, the parent company of the two live music properties it operates in East London. Village Underground is running skills-based training programmes for young people in Hackney to enhance career opportunities in music and production. Our new commitment in Sustainable Workspaces of £3.4 million, will support development and refurbishment works of their 43,000 sq ft of co-working space in County Hall (opposite Parliament on the South Bank), catering to climate change focussed tenants. The development will double their capacity to serve and support their impactful members’ efforts to scale.

As at 31 March 2022, SEIF II has returned over £2.4 million of original committed capital to investors in the form of capital and income distributions. The fund continues to make periodic distributions of capital to investors, having returned over £1.24 million in the year ended 31 March 2022.

I am pleased to report that on combining SEIF II with Big Issue Invest Social Enterprise Investment Fund I LP and the Big Issue Invest Outcomes Investment Fund LP, Big Issue Invest Fund Management Limited (“BII FM”) is now managing £26.7 million (including uncalled capital) as at 31 March 2022. On a combined basis, it has also repaid £11.4 million to investors through capital and profit distributions to 31 March 2022.

This year has continued to be challenging for our investees with further economic uncertainty following the Covid challenges in the previous reporting period, further compounded by the cost-of-living crisis and the energy rises. Our team is working closely with the portfolio to provide technical assistance support tailored to each organisation, including board representation, business strategy development, and impact management expertise, to facilitate the development and growth of the investee businesses and social aims through these difficult times.

Despite these efforts, we have to maintain and, in some cases, increase the amounts of impairments in our portfolio. The impairment on the HCT junior loan was maintained at 100% whilst the impairment on the HCT senior loan was increased from 70% to 100%. The CDFI sector continued to be particularly challenging with credit quality in affordable loan sector continuing to be adversely affected. The existing provision of Five Lamps was increased from 80% to 100%. The provision against the Moneyline loan was increased from 35% to 50%.

With the new impairments and single released provision, the impaired amount increased to £4.9 million compared to last year’s level of £4.7 million. We continue to work closely with each of the management teams of the high-risk investments with the aim to release the provisions once we have more comfort on recoverability.

The investment period of the fund ended in October 2021 and the fund life expires in October 2027.

The investment period of the fund has come to a close and the investment team are focussed on supporting and realising the potential of the remaining active investments in the portfolio. Despite the challenging past few years for our investees and the people and communities they serve, our SEIF II funds have enabled the social enterprises to increase the number of people they serve, and / or deepen the impact of their activities. SEIF II funds have also supported the recovery and sustainable growth of these organisations, while ensuring the delivery of social outcomes are prioritised. We cover this in more detail in the report, under SEIF II Objectives and Outcomes.

I would like to thank the members of the Investment Advisory Committee, our fund administration team at NCM Fund Services, the investment team at Big Issue Invest, our Non-Executive Director appointees and, of course, the hard working and innovative social entrepreneurs of our investees and their teams for all their achievements during the period. We are particularly grateful to Big Society Capital for their support and funding to make the delivery of this pioneering fund possible. BII remains dedicated to growing our Fund Management activities and working with our partners and the wider UK social investment market to mainstream social impact investing.

Danyal Sattar
CEO, Big Issue Invest

November 2022

A statement from our investee

Be Caring

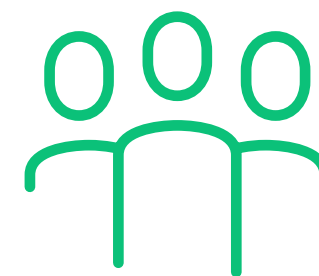


Be Caring is the UK's largest independent employee-owned provider of social care services, providing domiciliary care to older people and people with disabilities in Tyneside, Liverpool, Leeds and Manchester. The organisation provides person-centred care in residential and palliative care homes for complex needs clients including those with learning disabilities. In the past year, Be Caring have delivered over 940,000 visits and 906,910 hours of care to more than 2,300 clients in the North of England, with 70% of clients based in areas in the bottom 40% of the deprivation index.

As part of a turnaround initiated by a new management team in 2018, Be Caring has prioritised a more inclusive and supportive staff culture through improved communications, better employment terms and more engagement through their colleague forum, 'The Voice'. Their commitment to championing the rights of their staff is reinforced by a partnership with the GMB Union to campaign at a national level for fair pay and worker's rights within the care sector, and employee-owners are encouraged to join the union. In September 2021 Be Caring also launched an Employee Assistance Programme (EAP) to support with occupational health and wellbeing.

Be Caring's CEO Sharon Lowrie says of the £820k SEIF II investment:

“The funding through SEIF II has given us the resources and expertise to support not only the people we provide care for, but also our Care and Support Workers who undertake a crucial role in enabling people to live well in their own homes. For the 3rd year in a row, our Care and Support Workers will receive a cash bonus of up to £250 as a huge thank you for the part they play and to reflect their ownership in the organisation.”

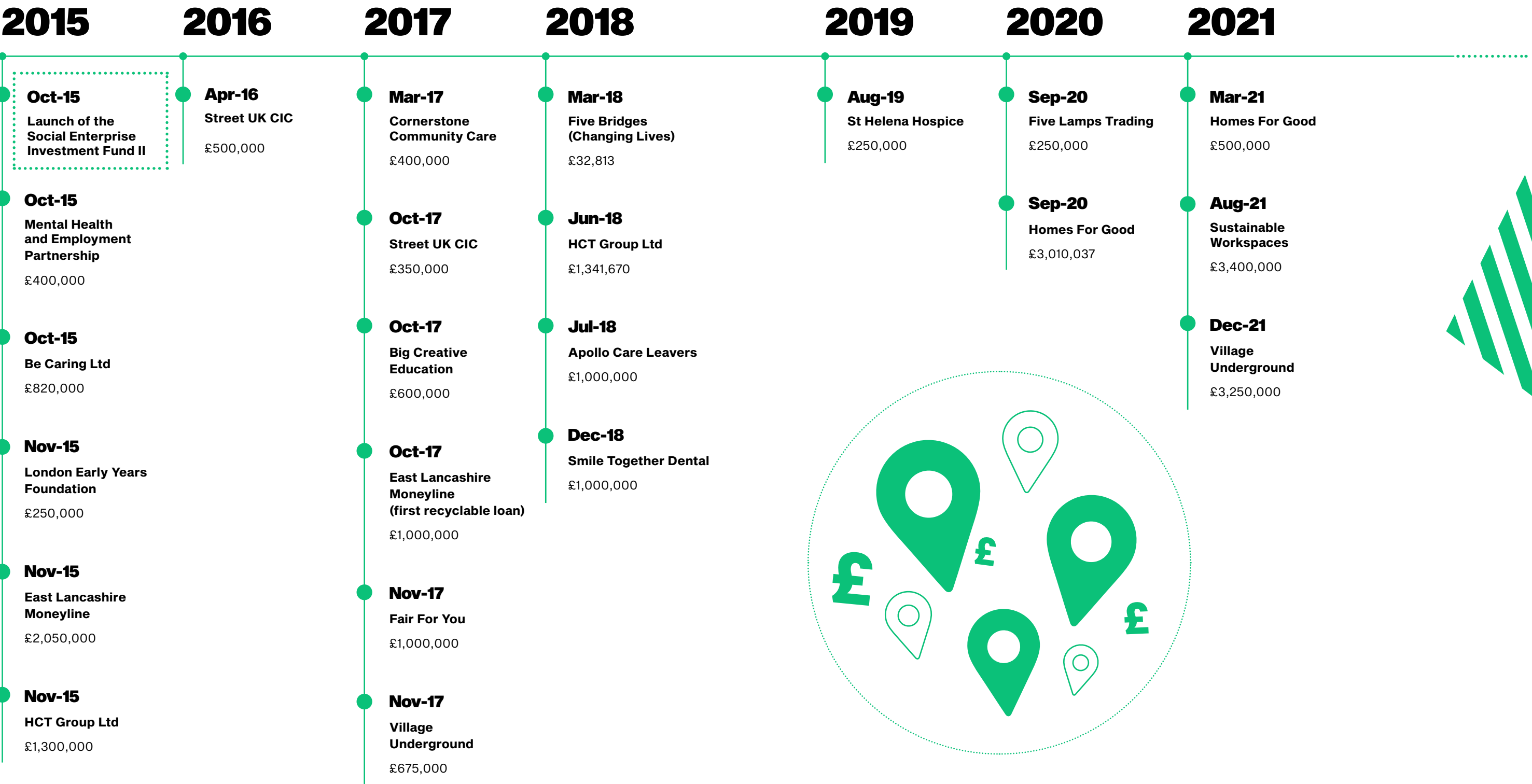


We believe that our employee-owned model results in increased investment in staff training and development as well as higher job satisfaction, and external evidence supports the link between employee involvement and care quality. Following the changes we have implemented in culture and operational delivery, we have received 'Good' ratings across all services by CQC. Our client satisfaction surveys have also shown significant improvement since our 2018 organisational changes, with a current 88% recommendation rate.

Moving forward, we want to build on what Big Issue Invest's investment and partnership approach has allowed us to achieve, by expanding our geographical footprint and continuing to deliver amazing outcomes for clients and colleagues alike.”

Investment Timeline

SEIF II



Investment Portfolio SEIF II

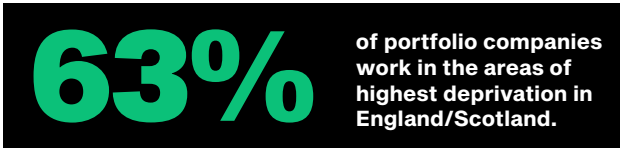
INVESTEES*		UN SDG	BENEFICIARY GROUPS	COMMITTED CAPITAL
Mental Health and Employment Partnership Ltd	Outcomes-Based Contract	3 - Good health and well-being	Mental health needs and conditions	£400,000
Be Caring Ltd	Fixed Rate Loan	3 - Good health and well-being	Physical disabilities or sensory impairments	£820,000
London Early Years Foundation*	Fixed Rate Loan	4 - Inclusive and quality education	Vulnerable children	£250,000
East Lancashire Moneyline	Fixed Rate Loan	1 - No Poverty	Living in poverty and/or financial exclusion	£2,050,000
HCT Group Ltd	Fixed Rate Loan & Rev. Part.	11 - Sustainable cities and communities	Physical disabilities or sensory impairments	£2,641,670
Cornerstone Community Care	Fixed Rate Loan	3 - Good health and well-being	Learning difficulties and other neurodivergence	£500,000
Street UK CIC**	Fixed Rate Loan	1 - No Poverty	Living in poverty and/or financial exclusion	£850,000
Fair For You	Fixed Rate Loan	1 - No Poverty	Living in poverty and/or financial exclusion	£1,000,000
Big Creative Education	Fixed Rate Loan	4 - Inclusive and quality education	Vulnerable young people	£600,000
Village Underground *	Fixed Rate Loan	8 - Decent work and economic growth	Vulnerable young people	£675,000
Village Underground	Preference Shares	8 - Decent work and economic growth	Vulnerable young people	£3,250,000
Five Bridges Changing Lives *	Outcomes-Based Contract	11 - Sustainable cities and communities	Living in precarious housing or homeless	£131,250
Five Lamps	Fixed Rate Loan	1 - No Poverty	Living in poverty and/or financial exclusion	£1,250,000
Smile Together Dental	Fixed Rate Loan	3 - Good health and well-being	Living in poverty and/or financial exclusion	£1,000,000
St Helena Hospice	Fixed Rate Loan	3 - Good health and well-being	Health condition or life-threatening illness	£250,000
Homes For Good	Ordinary Shares	11 - Sustainable cities and communities	Living in precarious housing or homeless	£1,000,000
Homes For Good	Fixed Rate Loan	11 - Sustainable cities and communities	Living in precarious housing or homeless	£2,510,037
Sustainable Workspaces	Fixed Rate Loan	13 – Climate action	Living in poverty and/or financial exclusion	£3,400,000
			TOTAL	£22,577,957

*As at 31st March 2022

** Have been exited

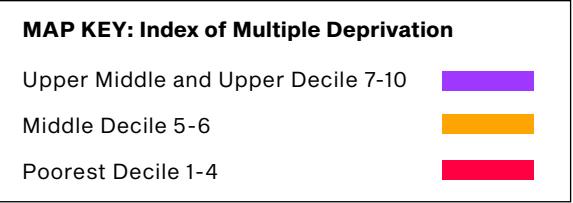
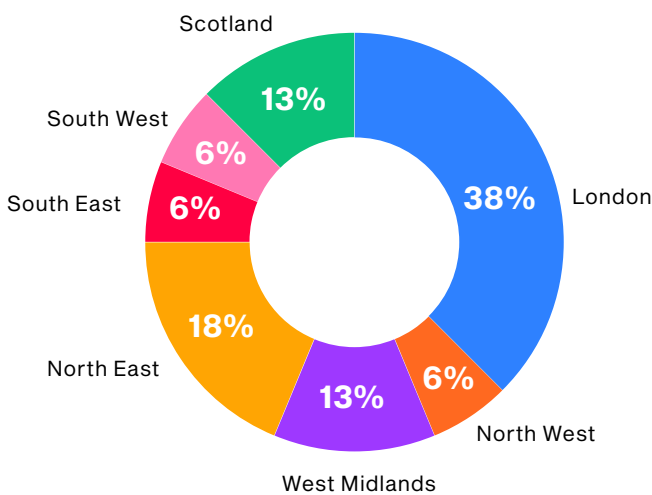
Investment Map

The SEIF II is invested into eight UK regions and Scotland with the majority in London (38%) and Scotland (13%). Investment into other regions in the UK are dispersed evenly by value. There are no investments into Wales, East England, or the East Midlands.



REGION	NUMBER OF	TOTAL VALUE OF INVESTMENT
London	6	£11,216,670
North West	1	£2,050,000
West Midlands	2	£1,850,000
North East	3	£951,250
South East	1	£250,000
South West	1	£1,000,000
Scotland	2	£4,010,037

Total % of SEIF II Investment across the UK as of Mar-22:

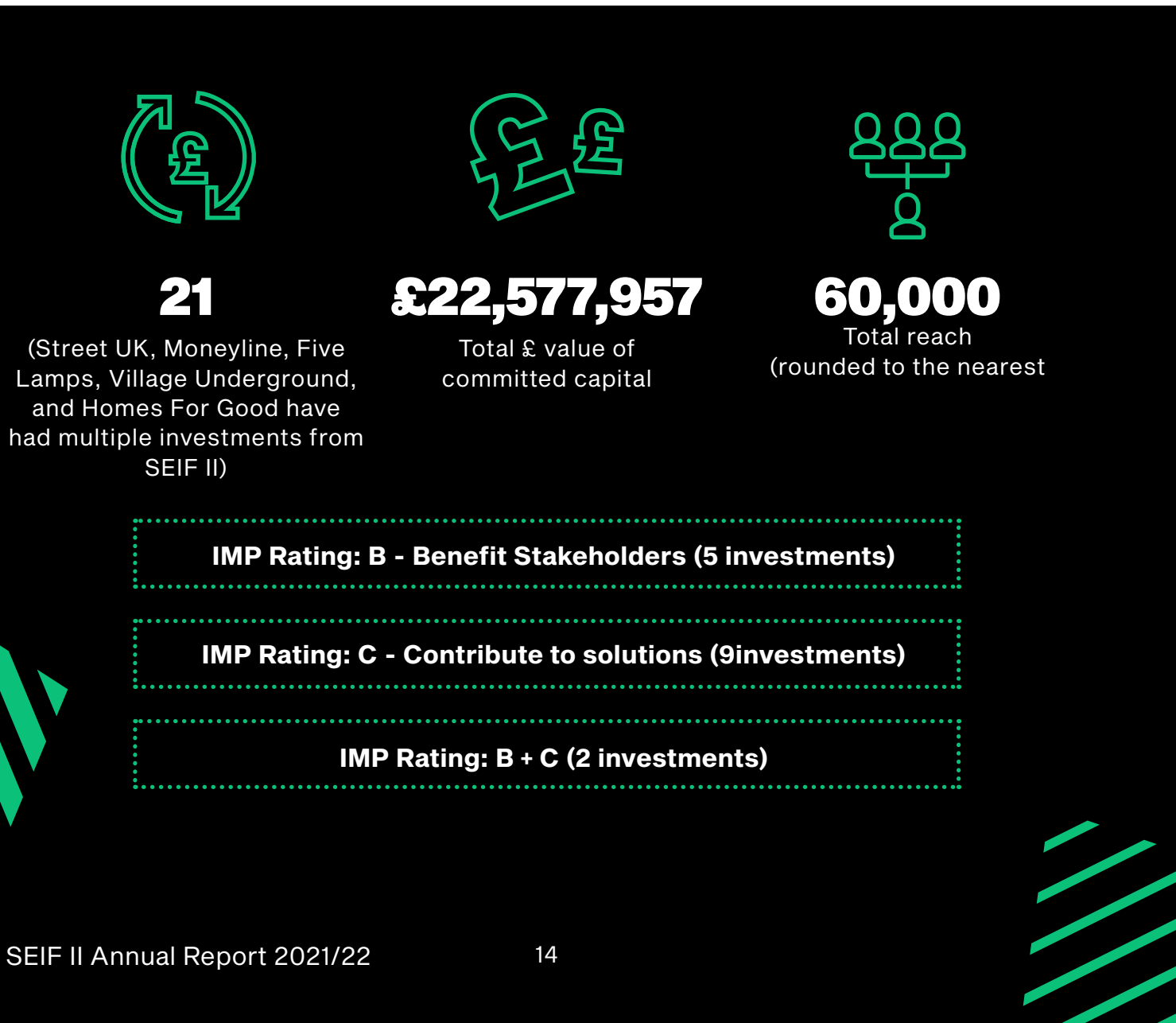


Fund Summary

Over the 2021/22 Financial Year

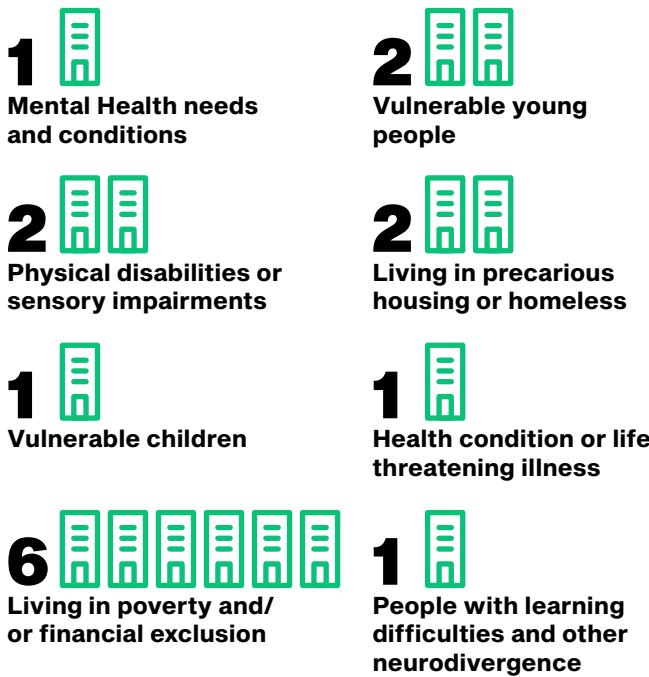
The Social Enterprise Investment Fund II (SEIF II) has been operating since October 2015 and has provided 21 investments in 16 different social purpose organisations across the UK to date. In the last year, SEIF II signed a further two transactions with a total capital commitment of £6.65m, including a follow-on investment into Village Underground and a new investment into Sustainable Workspaces.

As the investment period of the Fund has come to an end, our investment team is increasingly shifting focus from providing capital to support social purpose organisations to more intense portfolio management activities, especially in the current economic climate. The team have and continue to provide technical assistance support tailored to each organisation, including board representation, business strategy development, and impact management expertise, to facilitate the development and growth of the investee businesses and social aims.



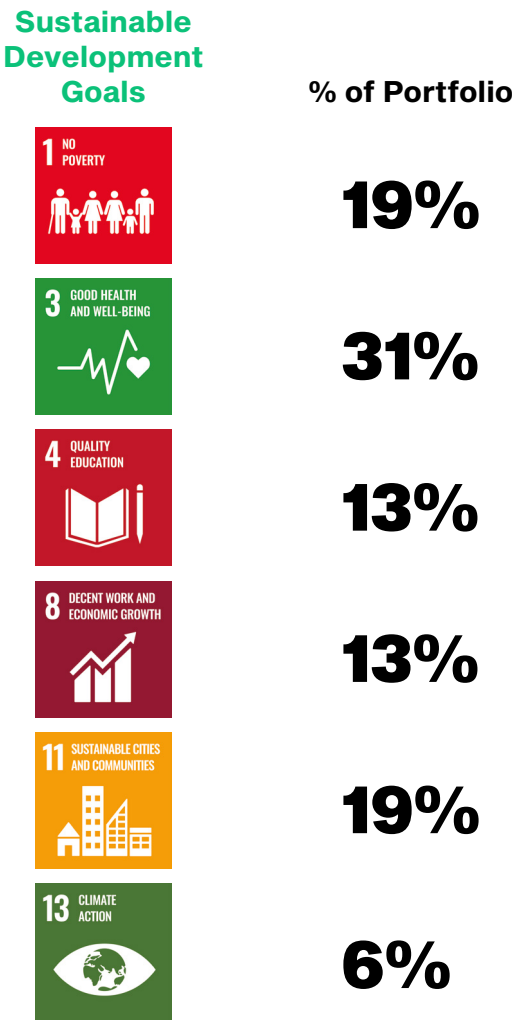
Primary Customer Groups*

Number of Investees Working with each Customer Group



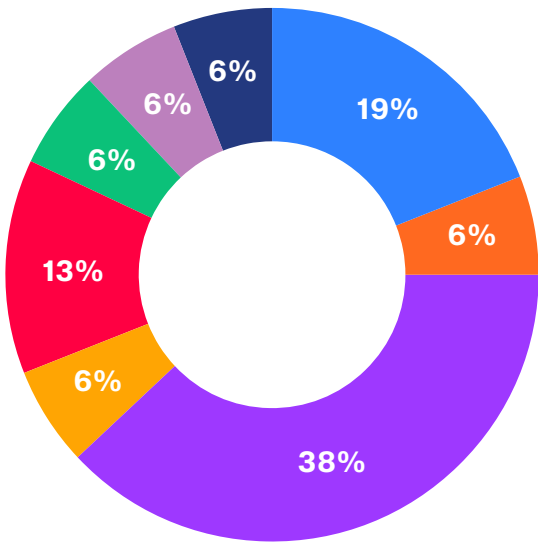
* Active investments

Primary SDG alignment



Big Society Capital Outcome areas (primary)

% of portfolio



SEIF II Objectives and Outcomes

The Big Issue Invest Social Enterprise Investment Fund II (SEIF II) is the successor to SEIF I, launched in 2010, both now fully committed. Built on the premise that there are social enterprises capable of delivering both financial returns and high social impact, SEIF II provides creatively structured, medium-term (3-5 years) growth capital for these organisations. The Fund has taken an innovative approach, using various instruments of investment including debt, equity, quasi-equity, and performance-dependant funding, with average investments of £1.5 million. The Fund's is able to effect change in the following four ways:

1. Scale impact

SEIF II aims to provide the funding to scale the impact activities of social enterprises, so that they service more people, particularly those who are more disadvantaged or vulnerable. For example, the Fund has invested in Community Development Finance Institutions (CDFIs) seeking to promote financial inclusion. While financial performance of these organisations has been mixed, the social impact has been high across the portfolio. Cumulatively, £20 million in affordable loans have been provided to vulnerable, financially excluded individuals who may have otherwise turned to high-cost lenders, trapping them in a cycle of financial hardship. It is unlikely that CDFIs would have been able to raise investment from commercial investors.

Fair for You is an alternative to high-cost lenders for lower income households – providing them with loans that are flexible and supportive, meeting the needs of borrowers. For example, their loans cost customers c.20% of the fees charged by a door-to-door or a payday lender. The funding provided by BII is enabling Fair for You to grow its loan book and is having a multiplier effect: as clients repaid loans, more money could be lent out again, compounding the impact and reach of the social investment. The investment has also enabled improvement of the enterprise's infrastructure and data processes, which has led to other affordable credit options including a shopping card – Good Payers – allowing customers to spread the cost of their purchases when shopping online and in-store in a range of high-street retailers. Through the investment, the enterprise has been able to reach scale, become profitable and be able to access more mainstream investment.

2. Intensify impact delivery

Tackling deeply entrenched social issues often requires multi-disciplinary, wrap-around and intensive individual support. Support like this can be life changing but require more resource and funds. SEIF II funding is often deployed into this gap, enabling organisations to expand the depth of their impact in several ways including investing in their infrastructure and processes to deliver higher quality services, increase the types of service provisions, or time they can work with each individual.

Be Caring is a provider of social care, covering traditional domiciliary care to more complex needs like dementia, learning disabilities, palliative care and reablement. They have an employee-owned social enterprise model, which they believe results in increased investment in staff training and development, and higher job satisfaction. Social care is a challenging social issue with demand far exceeding availability, and high staff turnover and shortages threatening the viability of the entire sector. Be Caring's two-pronged focus on the vulnerable people they serve and supporting their own staff is a welcomed and impactful approach. Evidence has demonstrated correlations between employee satisfaction and care quality. SEIF II's investment has enabled the organisation to focus on creating a more inclusive and supportive staff culture, improved

communications, more motivational compensation, and more engagement through a colleague forum, "The Voice" and an Employee Assistance Programme to support with occupational health and wellbeing. Additional resources and funds are enabling Be Caring to experiment with new models of care which better support the people they care for and their employees.

3. Prioritise social outcomes

At the time of writing this report, it is two and a half years since the start of the Covid pandemic in Europe and while the most stringent of policies such as lockdowns are behind us, the impact on business continue. These impacts are further exacerbated by the cost-of-living crisis and energy price rises. Typically, in these instances organisations seeing a decrease in revenue or struggling to survive, will seek to reduce costs by for example reducing, halting, or permanently withdrawing from resource intensive, low- or no-revenue generating activities. Social investment can stabilise this trend, ensuring funding for activities resulting in positive social outcomes are ring fenced even during these hard times.

Village Underground, a multi-purpose events venue, was heavily hit by the closures on the back of the lockdowns, put it in a position where they were struggling to meet their debt obligations and had a potential cash shortfall in early 2022. BII investment allowed them to cover this cash shortfall, provided them with capital expenditure to allow them to renovate and operate additional venues, and to refurbish studios in their basement so that they can deliver their impact program for young people in Hackney. BII's investment was contingent on committing to specific social outcome targets, such as numbers of young people accessing and completing training, achieving formal qualifications, and delivering paid workdays at Village Underground, to ensure social impact is ring-fenced. The investment allowed the enterprise to recover and grow while also extending their reach to young talent, particularly those not well served by mainstream education provision. Village Underground plans to collaborate with a range of partners over the next five years to platform young artists and train young creatives for careers in the industry.

4. More resilient social enterprises

As with any fund, impact led or otherwise, SEIF II's objective is to ensure sustainable growth of an organisation, becoming financially viable and resilient. For social investment, organisations need to achieve all that whilst continuing to deliver positive social outcomes and avoid mission drift or impact dilution. We are proud to see some of the social enterprises supported through SEIF already able to repay their initial investment and go on to secure follow-on investment.

London Early Years Foundation ("LEYF") is a charitable social enterprise, operating nurseries, including in some of London's most disadvantaged areas. LEYF aims to give children the best start in life through the highest quality early years education, especially those who otherwise may not be able to access or afford it. SEIF funded LEYF's expansion across Greater London, scaling the number of nurseries it operates from 26 to 39. The loan was fully repaid in April 2021, with LEYF in a strong financial position and an attractive proposition to other investors. They are continuing to scale, having successfully just raised £1.5 million.

SEIF II portfolio annual outcomes achieved (2021/2022)

INVESTMENT*	MISSION	TARGET BENEFICIARIES	TARGET OUTCOMES	TARGET INDICATORS	TARGET VALUE (2021/22)	ACHIEVED VALUE (2021/22)
Mental Health and Employment Partnership Ltd	To assist people with long-standing mental health conditions achieve competitive, paid employment through Individual Placement Support services as an integral part of their treatment	Adults with severe mental health conditions, and who are long-term unemployed	People with mental health conditions achieve and sustain employment	Referrals	1,425	4,589
				Users engaged	1,347	2,928
				Job starts	666	883
				Job sustainments	379	393
Be Caring Ltd	To become the UK's leading employee owned provider of high quality health and social care services	Adults with physical and learning disabilities	- Service users experience improved physical health - more older people are able to manage their mental health and live a self-fulfilled independent life - higher retention of staff and better quality of care delivered	No. of clients		2,339
				No. of hours of service delivered to clients		906,910
				% of salaried carer staff paid in shifts		78%
				No. of employee representatives at board (through the Voice)		2
				Milestone KPI (by Jan-21): Local ownership and engagement sessions developed and activities in 'Local Voices' development		no - covid delayed
				Staff rate of turnover		0.32
				Staff satisfaction rate		78%
				client satisfaction rate		88%
East Lancashire Moneyline	To relieve poverty by providing appropriate financial services, promotion of financial inclusion and debt advice services	Low-income individuals and households	Improved access to support, advice and appropriate / affordable financial products and services	Number of new customers	8,000	3,480
				Gross lending £	£11,599,000	£5,347,000
				Number of loans issued during year	13,656	9,212
				Average gross loan value	£684	£580
				Interest savings vs. home credit		£1,508,000
			Improved financial management and capability	Number of savings accounts open		12,505
				Total amount deposited as savings by customers		£642,127
Cornerstone Community Care	To promote community service for persons who through disability, lack of care, infirmity or otherwise may require such a service	Adults and children with physical or learning disabilities, or caring needs	Service users experience improved physical health / More older people are able to manage their mental health and live a self-fulfilled independent life	Number of people receiving care and support		2,152
				% annual staff turnover		24%
				% of customers who feel Cornerstone makes a positive difference to their lives		88%

INVESTMENT*	MISSION	TARGET BENEFICIARIES	TARGET OUTCOMES	TARGET INDICATORS	TARGET VALUE (2021/22)	ACHIEVED VALUE (2021/22)
Street UK CIC	To offer an alternative to high cost providers of credit on a sustainable basis	Low-income individuals and households	Improved access to support , advice, and appropriate and affordable financial products and services	Number of loans issued during year	549	912
				Gross lending £	£3,267,124	£796,757
Fair For You	To offer a real alternative to high cost lenders and rent-to-own (RTO) stores, and offer a very practical way to address poverty by removing the premium when buying essential items for the home.	Low-income individuals and households	Improved access to support , advice, and appropriate and affordable financial products and services	Current active loans		28647
				Total value of loan book (£)		£6,542,517
				Gross lending £		£12,480,000
				Average loan value		£329
Big Creative Education	To transform the lives of young people through inspirational teaching, and by providing exceptional access to career opportunities in the creative industries.	Young people from disadvantaged backgrounds and low-income communities	Suitable employment, education or training opportunities with ongoing support as needed to maintain it	No. of apprentices in off the job training in creative works		90
				No. of apprentices working in creative works		90
				Progression tracking data after apprenticeship into jobs, further education or training		84% total
				No. of employability programmes delivered and no. of attendees		90
				Progression tracking data after employability trainings		97% of those contactable
				No. of digital programmes delivered and no. of attendees		90
				Progression tracking data after digital skills trainings		90
				Hours of business support provided to creative works' clients		40 hrs with Lightcliffe consultants
				No. of formal touch point/ industry meeting days provided		2
Village Underground	To create opportunity through music, to engage young people in positive activity, open up routes into employment within the creative industries and offer high standard of training to people of all backgrounds.	Young people from disadvantaged backgrounds and low-income communities	Suitable employment, education or training opportunities with ongoing support as needed to maintain it	No. of cohorts per annum accessing the youth music programmes	3	3
				No. of young people per annum completing the youth music programmes	13	13
				No. of emerging artists performances at Earth		10

SEIF II portfolio annual outcomes achieved (2021/2022)
continued.

INVESTMENT*	MISSION	TARGET BENEFICIARIES	TARGET OUTCOMES	TARGET INDICATORS	TARGET VALUE (2021/22)	ACHIEVED VALUE (2021/22)
Five Lamps	To Transform Lives, Raise Aspirations and Remove Barriers to Social, Economic & Financial Inclusion	Low-income individuals and households	Appropriate access to financial advice, products or services	Total number of personal loans approved		2883
				% Applications converting into loans		1.5%
				Average credit score of borrowers		564
				Average savings per customer (compared to relevant HCSTC provider) - new loans		£123
				Average savings per customer (compared to relevant HCSTC provider) - additional loans		£191
				% of customers who avoided a high-cost lender as a result of 5 lamps loan		91%
				% of customers who will avoid HCSTC lenders in future		98%
Smile Together Dental	Aims to create healthier happier communities by delivering Dentistry with social impact.	Under-served population of Southwest England, fishing communities, children and people with disabilities	Increased provision of dental services to people across Cornwall	Number of patients seen in emergency appointments	20,789	19,488
				Number of special care patients seen	2,153	3,548
			Increased amount of accessible dental treatment brought to those who need it most	Number of patients reached within fishing communities	140	102
				Number of new patients registered with Brighter Dental	1,000	827
				Improved access to dental care ratio	4.8%	5.0%
			All Smile Together patients continue to receive high quality dentistry care	Smile Together "Friends and Family" score	97%	99%
				"Clinical Training Ratio"	>3 times	>3 times
			Reduce tooth decay through intervention and education	Number of pupils receiving campaign support	1,272	2,269
				Number of pupils receiving council funded support	1,663	4,198

INVESTMENT*	MISSION	TARGET BENEFICIARIES	TARGET OUTCOMES	TARGET INDICATORS	TARGET VALUE (2021/22)	ACHIEVED VALUE (2021/22)	
St Helena Hospice	To enable local people with an incurable illness to live well and die with dignity and choice.	People in need of end of life care, and living in underserved communities	Maintain occupancy levels for St Helena patients	Bed Occupancy %		75%	
			All St Helena patients continue to receive high quality care	IWGC Rating (out of 5.00)		4.88	
			Increased funds raised for hospice partners and wider charity sector through St Helena lotteries	Your Hospice Lottery: Gross Income		£3,850,634	
				Your Hospice Lottery: Number of Partners		17	
				Make a Smile Lottery: Gross Income		£1,232,834	
				Make a Smile Lottery: Number of Partners		15	
			Homes For Good	To create secure, quality homes for vulnerable tenants and enable landlords to successfully manage their investments whilst placing emphasis on the welfare of the tenant.	Adults who are homeless or in insecure housing, low income individuals and households	Increased number of low income individuals have access to quality housing	Total % of social tenants in HFG properties
Demographic breakdown of tenants in HFG properties		53% unemployed, 53% benefits, 88% prior housing needs, 14% students, 6% earn over Glasgow living wage - 298 tenants w/ 46 children					
	% tenants in low-income work						53%
	% tenants economically inactive or unemployed						
HFG maintains numbers of affordable properties available for individuals on low incomes	HFG rental pricing: % of properties below LHA rates; within range of LHA rates; % above LHA rates					214	
	Total # housing stock within HFG portfolio	191				221	
HFG maintains levels of support for tenants with support needs	% of tenants with support needs being supported by HFG					221	

*Table only includes active investments in the financial year April 2021 to March 2022.

Case Study

VU X EARTH Ltd.



IMP Rating:
C- Contributing to solutions.

Location:
London.

Village Underground is a mid-scale venue and community arts centre based in Hackney, East London.

Big Issue Invest provided an initial impact loan of £600k in 2017, followed by a £2.75 million equity investment in 2021 (part of a £3.25 million facility). The initial loan was an innovative example of collaboration between commercial and not-for-profit interests in the creative sector. The follow-on investment further cemented this collaboration, supporting the recovery and growth of the organisation having been severely impacted by lockdown restrictions and enabling Village Underground to capitalise on its youth training and employment support programme.



About Village Underground

Village Underground started in 2006, with the aim of building affordable spaces for creative people who were struggling to get a foothold in London. From rejuvenating derelict buildings, to designing creative workspaces from tube carriages and shipping containers, the social enterprise has transformed previously neglected spaces into venues for artists to perform and work, whilst fostering a communal spirit of collaboration and exchanging of ideas. Village Underground currently has three live music venues that are fully operational, with the additional funding allowing for two separate venues at one of the sites to operate simultaneously. The multi-purpose events space hosts a range of evets including concerts, exhibitions, theatres, live art, and other performances.

The Impact of Village Underground

The social enterprise works in partnership with other impactful organisations and charities to supply training and employment support to young people from across the social spectrum, particularly those who are socially excluded or disengaged from education, to help them pursue a career in the entertainment and live music industries and support positive community participation. Village Underground provides affordable workspaces in the heart of London for creatives, enabling them to focus on developing their ideas in an environment of likeminded people.



WHAT	WHO	HOW MUCH	CONTRIBUTION	RISK
Village Underground a multi-purpose events venue with a mission to create opportunity through music, to engage young people in positive activity, open up routes into employment within the creative industries and offer high standard of training to people of all backgrounds.	As part of a consortium of partners, Village Underground supplies suitable employment, education or training to young people living in high deprivation areas, and/or facing economic barriers.	Since operations started up again post lockdown in Aug 2021, 3 cohorts of young people have been given access to the Village Underground youth music programmes this year. 13 of these young people have completed the programmes.	Big Issue Invest provided £650,000 impact loan and invested a further £3.25m to support recovery and growth post the lockdowns. The follow-up investment will enable the enterprise to repay existing loans and outstanding interest, while providing working capital to recover and grow, including the development of an additional site.	The events industry is volatile and demand for the event spaces may fluctuate impacting revenues. This risk is likely mitigated as London is well positioned to benefit from an uplift in demand from young customers following the lifting of restrictions.

Case Study

Sustainable Workspaces (Sustainable Ventures)



IMP Rating:
B – Benefit stakeholders

Location:
London (Head Office)

Sustainable Workspaces provides affordable workspace for innovative organisations addressing social impact issues such as climate change, resource scarcity, fuel poverty and poor air quality.

Following on from social impact loans of £250,00, Big Issue Invest invested £3.4 million of SEIF II funds for the sustainable development and refurbishment of a new 700 desk co-working space, enabling Sustainable Workspaces to increase access to affordable workspace for growing social and environmental organisations in London. Alongside this funding, Big Issue Invest is providing Technical Assistance to Sustainable Workspaces to strengthen their governance structures, including support to recruit a Non-Executive Director.



About Sustainable Workspaces

As part of Sustainable Ventures, Sustainable Workspaces supports its parent company’s mission to accelerate the growth of early-stage ventures that tackle key global issues by creating flexible and collaborative office and workshop space for sustainable businesses. Together, Sustainable Workspaces and Sustainable Ventures support member businesses who are incubating, delivering, and scaling innovative and impactful solutions by providing an affordable workspace, a robust community of like-minded entrepreneurs, skilled business and mentoring support, training on social and environmental issues and practices, successful growth programmes, and essential seed funding.

The Impact of Sustainable Workspaces

The SEIF II investment in Sustainable Workspaces will support them to measure their impact outcomes in areas including provision of affordable workspace for environmentally focused organisations, measuring the value of the capacity-building pro bono business support they provide to their members, and level of provision

of affordable workspace to people on low incomes and from diverse demographic backgrounds to improve accessibility in the industry.

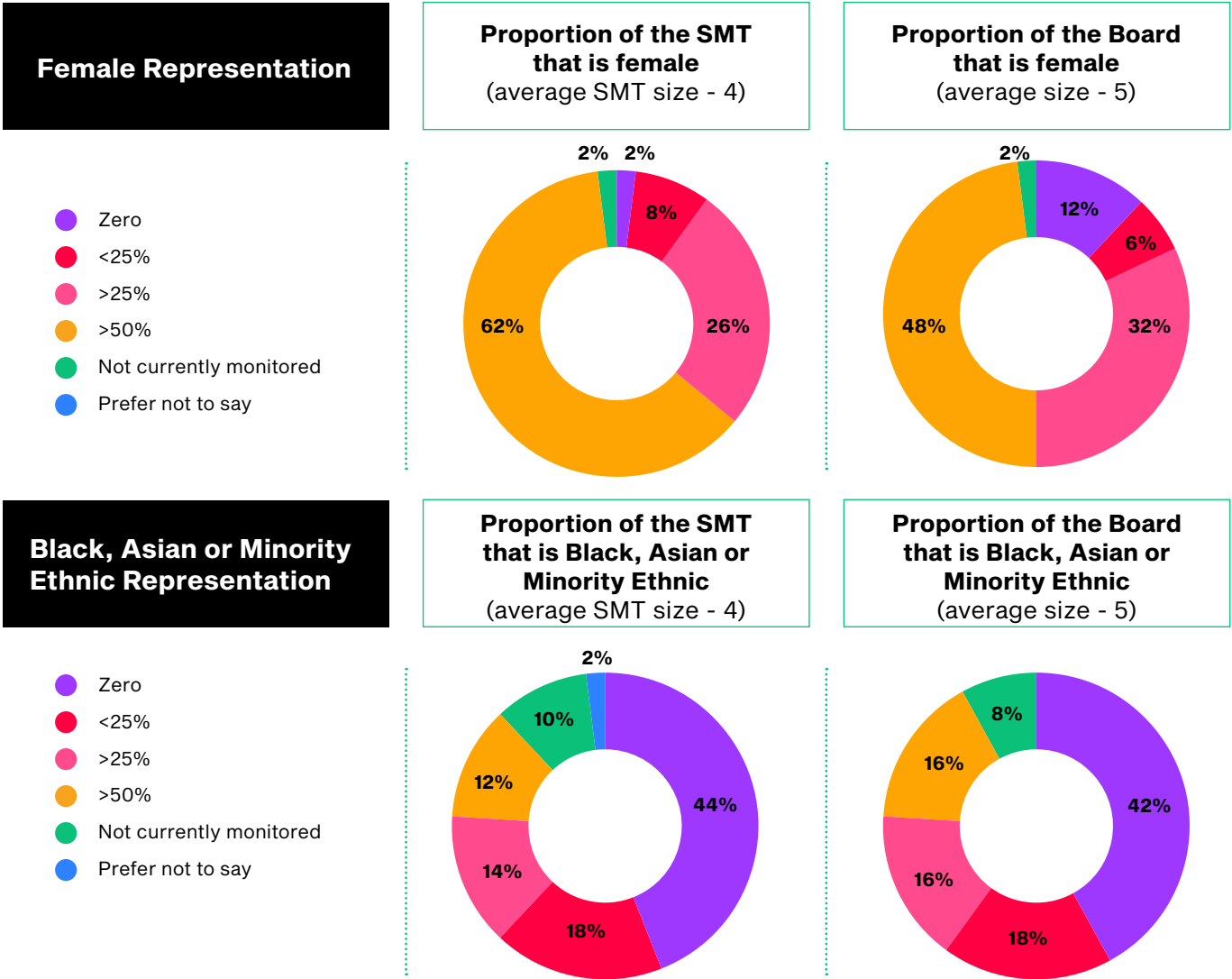


WHAT	WHO	HOW MUCH	CONTRIBUTION	RISK
Sustainable Workspaces helps to accelerate the growth of early-stage ventures that tackle key global issues such as climate change and resource scarcity by creating flexible and affordable office and workshop space for sustainable businesses.	Environmentally focused organisations, particularly early-stage ventures that will benefit from the provided business support. In order to improve accessibility within the industry, subsidised membership is available for people on low incomes.	With investment from SEIF II, Sustainable Workspaces will increase their capacity with an additional 700 desk workspace. By 2025, they aim to develop 1000 sustainable start-ups.	Big Issue Invest invested £3.4 million of SEIF II funds for the sustainable development and refurbishment of a new 700 desk co-working space, as well as £250,000 in loans.	Alignment risk: Sustainable Workspaces supports corporate as well as purpose-led and asset and mission-locked organisations. Mitigation: Sustainable Workspaces is committed to ensuring all members align to impact on a UN SDG, and will ensure that a minimum threshold percentage of members are asset or mission locked.

Diversity, Equity and Inclusion at Big Issue Invest

Over the last 12 months we have continued to prioritise improving diversity, equality, and inclusion (“DEI”) in our work. As part of this, we have included DEI evaluation within the due diligence for our investments and the annual impact survey.

Our BII Investment Portfolio Representation (as of September 2022¹³)
The findings from our annual BII Investee survey are as follows:



Our BII Staff Team and Board Representation (as of September 2022)

The DEI survey includes questions from last year’s DEI survey (our first), with additional questions on age and social mobility, with the following key findings:

- 1

The percentage of women was at 40% for staff team, 33% for Senior Management Team (“SMT”) and 37% for the Board (which also includes subcommittees such as for investment and impact).
- 2

BII’s Black, Asian and Minority Ethnic representation is low at SMT (17%) and Staff team (14%) levels, while at Board level it is at 21%.
- 3

The disability representation across the organisation is low with 87% of staff, 83% of the SMT and 95% of board identifying as “Not disabled”.
- 4

40% of staff members, 33% of SMT and 37% of Board have lived experience of a social challenge.
- 5

Lesbian, Gay, Bisexual, Queer (Questioning)+ representation within team is 27%, 17% at SMT level, and 5% at Board level.
- 6

80% of the Staff team were between 20-49 years of age, which was 50% for SMT and 39% for Board.
- 7

More than half of the Staff team and 60% of the Board members attended state-funded schools, while 50% of the SMT attended independent or fee-paying schools in the UK.

The full findings are outlined below:

Gender Representation	Staff Team	SMT	Board
Male	53%	67%	58%
Female	40%	33%	37%
Non-binary	0%	0%	0%
Prefer to self-describe	0%	0%	0%
Prefer not to say	7%	0%	5%

Ethnicity Representation	Staff Team	SMT	Board
Black African, Black Caribbean, Black British	7%	0%	5%
Mixed/Multiple ethnicities	7%	17%	5%
Asian or Asian British	0%	0%	11%
White any	73%	83%	74%
Prefer not to say	13%	0%	5%

Lived Experience	Staff Team	SMT	Board	LGBQ+	Staff Team	SMT	Board
No	33%	67%	42%	Heterosexual or straight	53%	67%	89%
Yes	40%	33%	37%	LGBQ+	27%	17%	5%
Unsure	20%	0%	5%	Prefer not to say	20%	17%	5%
Prefer not to say	7%	0%	16%				

Social mobility - school attended between the ages of 11 and 16	Staff Team	SMT	Board
Independent or fee-paying school	13%	50%	22%
Independent or fee-paying school, where I received a means tested bursary covering 90% or more of the total cost of attending throughout my time there	0%	0%	11%
A state-run or state-funded school	53%	33%	61%
Attended school outside the UK	20%	17%	0%
I prefer not to say	13%	0%	6%

Age	Staff Team	SMT	Board	Disability Representation	Staff Team	SMT	Board
20-29 years old	27%	0%	0%	Disabled	0%	0%	0%
30-39 years old	33%	17%	0%	Long term health condition	7%	17%	0%
40-49 years old	20%	33%	37%	Not disabled	87%	83%	95%
50-59 years old	7%	33%	37%	Other	0%	0%	5%
60-69 years old	0%	17%	16%	Prefer not to say	7%	0%	0%
70 years old or over	0%	0%	5%				
I prefer not to say	13%	0%	5%				

BII's Gender Pay Gap
For this report snapshot data was taken on 20/09/22¹⁸

Employee numbers: 23 employees.

BII's staff is **68% male** and **32% female**.

As can be seen below, significant progress has been made in the past year: our mean gender pay gap has significantly decreased by 33% and our median gap has seen a 46% shift, now reflecting a median pay that is in favour of women. Additionally, the highest to lowest pay ratio as at September 2022 was 3.68:1 in contrast to a ratio of 5.29:1 for the 2020/21 year, demonstrating an improvement in Big Issue Invest's pay equity. However, there is still progress to be made: those receiving the highest level of pay at Big Issue Invest are 88% male, and 67% of staff are men.

BII will continue to build a more inclusive and diverse culture through engaging the entire workforce in diversity, equity and inclusion training and conversations. BII is also looking to focus on addressing the cost of living impact on its employees.

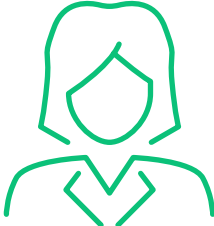
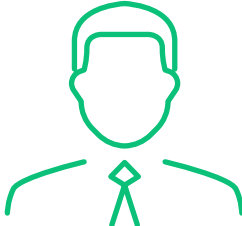
Big Issue Invest's 2021/22 mean gender pay gap is 11% in favour of men.
Big Issue Invest's 2021/22 median pay gap data is 8% in favour of women.

Last Year:

Big Issue Invest's 2020/21 mean gender pay gap is **44.28%** in favour of men.

Big Issue Invest's 2020/21 median pay gap data is **38.09%** in favour of men.

Proportion of males & females in each quartile 2021/22



QUARTILE	Male	Female
Q1	83%	17%
Q2	17%	83%
Q3	33%	67%
Q4	50%	50%

Highest to Lowest pay ratio for Big Issue Invest:

3.67:1

Conclusion

Both SEIF I and II have enabled the Big Issue Invest team to test and develop investment products to best support ambitious social enterprises and charities with sustainable business models, helping them to scale and expand their social impact. The key to achieving the social impact that the Fund has created is by backing and supporting effective leadership teams who are passionate about changing lives.

Big Issue Invest is exploring opportunities for a follow-on fund, developing funding products for specific sectors and more significant fund size to benefit from efficiencies of scale. Our mission remains to support organisations generating core solutions to poverty and those who create an enabling environment to supporting people and communities out of poverty. A mission ever more relevant during the current times.

Acknowledgements for SEIF II

Directors of the General Partner

Danyal Sattar

Danyal Sattar joined Big Issue Invest as CEO in December 2018. He has more than 25 years' experience in the social and ethical investment, charitable and impact investment sectors, working on social investment for organisations such as the Joseph Rowntree Foundation, Esmée Fairbairn Foundation and Access as well as for social investors Big Society Capital, Charity Bank and Aston Reinvestment Trust.

Parveen Bird

Parveen Bird has worked at The Big Issue for 15 years in various roles. Starting on a voluntary basis in the publishing and marketing department, Parveen sits on the Group Board of Directors and on the Big Issue Invest Board. Parveen is also a trustee of the Big Issue Foundation. Prior to this Parveen worked as a broadcast journalist at GMTV and the BBC.

Stephen Howard

Stephen Howard is the chair of Power to Change after retiring as chief executive of Business in the Community after 10 years in post. Stephen brings a wealth of senior management experience acquired in the corporate sector. He has held a number of executive and non-executive roles including chief executive of Cookson Group plc and Novar plc. Stephen's other roles include chair of Thames Reach and trustee of Big Society Capital.

Investment Advisory Committee

The Investment Advisory Committee includes the following members:

Tim Farazmand (Chair)

Tim has worked for over 30 years in private equity and was Chair of the British Venture Capital Association for the 2014-2015 term. Tim chairs the Palatine Impact Fund, PCB Partners and Estio. He sits on the boards of BSVT plc, The Lakes Distillery, Vinoteca and the Advisory Board of Beechbrook Capital.

Georg Stratenwerth

Georg Stratenwerth works as a senior adviser to Pillarstone. He spent most of his career in private equity, initially with JP Morgan Partners and then Advent International. He worked as a management consultant at Mercer Management Consulting and Roland Berger and Partner. Georg also serves as a member of the Ashoka support network and is on the Board of Trustees of ClientEarth and CASA, a Big Issue Invest investee.

Jeremy Rogers

From 1998 to 2008 Jeremy Rogers was at JP Morgan, where he set up their successful European High Yield and Distressed Debt group. When he was promoted to MD in 2005, he became the youngest MD in JP Morgan's history. Jeremy is now chief investment officer for Big Society Capital. He also sits on the Investment Committee of the Lankelly Chase Foundation and is a senior adviser to the Rockefeller Foundation's Innovative Finance programme.

John Gilligan

John Gilligan has worked in the private equity and venture capital industry for more than 30 years. He started his career in 1988 at 3i Group plc as a financial analyst. He was then a corporate finance partner of Deloitte and latterly BDO for more than 20 years. He is director of the Oxford Saïd Finance Lab at Saïd Business School, University of Oxford. John is also a visiting professor at Imperial College Business School and has degrees from Southampton University, Nottingham University and London Business School.

Fund Management Team

Lars Hagelmann Head of Fund Operations & Portfolio Management

Lars Hagelmann has 20 years' experience in direct investment and investment management and joined Big Issue Invest in 2016 and is now leading the fund management team. He started his career in Berlin with BDO in the Corporate Finance Team before moving to London to work for SISU Capital, sourcing and managing direct private equity investments. Lars worked in the Middle East as Investment Director and CIO managing investments into education and healthcare.

Mark Lovell Head of the Outcomes Investment Fund

Mark Lovell has more than 20 years' experience as a CEO, executive chairman and non-executive director of organisations involved in the delivery of public services both in the UK and internationally. Having worked across the social investment market since 2008 he has extensive experience working with commissioners, providers and investors on the development of social impact bonds.

James Potter Investment Director

James has a background in corporate finance having spent over 10 years advising on stock market flotations and helping large companies with debt financing. Before moving to Bill in 2019, he spent four years in the social investment sector working as an Investment Director at Numbers for Good, a social finance intermediary specialising in assisting social enterprises of all sizes prepare the materials that they needed in order to secure social investment.

Sergio Sanchez Toledo Investment Director

Sergio started his career in finance control, then moved to PwC where he worked as a systems and processes auditor and further developed his career as a risk management consultant. He combines experience working for commercial, public sector and non-profit organisations in the UK and Spain.

Ben Tiplady Investment Associate

Ben supports the fund management side of Big Issue Invest. He helps with reporting requirements to the board and outside stakeholders, social impact scoping and analysis. He comes from a background in social finance.

Sasha Afanasieva Head of Impact and ESG

Sasha is an impact management specialist and social entrepreneur with a background in investment banking. As an impact & ESG consultant, Sasha has advised over 50 organisations, including fast-growth early-stage businesses, corporates, charities and investors. She has extensive experience in leading complex time-sensitive projects and data-driven research.

Rhys Corley-Morgan Senior Impact Manager for Group

Rhys’ current role of Senior Impact Manager for Group focuses on measuring the impact of the services, programmes and ventures across Big Issue Group while striving to embed consistent approaches to impact, measurement and data across all of BIG. Before starting his current role, Rhys spent more than five years working in Big Issue’s Frontline team delivering services and enabling outcomes for Big Issue vendors.

Lizan Kawa Senior Impact Manager for Investment

Lizan’s role focuses on streamlining data collection processes, measuring and impact reporting of current funds, and supporting development of impact metrics and due diligence processes for new funds. Lizan has a background in designing social outcomes contracting and innovative financing instruments in a range of sectors. Her experience spans the public, private, and third sector, with her most recent roles at the non-profits Social Finance, and the Bill and Melinda Gates Foundation. Lizan holds a PhD in Neuroscience.

Stepan Zelinger Grants and Data Manager

Stepan has a background in modern history and international affairs and has worked as coordinator of volunteering programmes in his early career. In recent years, he’s led the development of grant-making and technical assistance programmes in a Czech foundation, focusing on community development, social entrepreneurship, and youth philanthropy. Before joining BII, he was responsible for a portfolio of grants in Central and Southeast Europe at the Open Society Foundation’s education programme. At BII, Stepan focuses on the delivery of the Social Enterprise Support Fund and developing BII’s grant-making and data management capabilities.

Ilana Darrant Impact Officer

Ilana has a background in working with small businesses with community impact, including working as part of a team to convert a privately owned bookstore to a member-owned worker run co-operative. Before joining Big Issue Invest she provided technical assistance for a portfolio of over 80 energy efficiency and solar grant contracts as program coordinator for the Washington State Department of Commerce’s Energy division. As part of the Big Issue Invest Impact team, Ilana has worked both on the delivery of the Social Enterprise Support Fund and, currently, on developing and implementing BII’s impact management frameworks, impact measurement and reporting.

Carolina Cirillo Programmes and Partnerships Officer

Carolina facilitates the creation and implementation of Group’s partnerships, liaising with corporates, charities and government authorities. She contributes to impact management activities including research, reporting and data analysis. With a background in international development, she has experience in programme management around sustainability and human rights’ issues.

Fund Information

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- Stephen Howard
- Danyal Sattar

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DIRECTORS OF THE MANAGER:

- Pete Flynn (Chair)
- John Gilligan
- Danyal Sattar
- Melanie Tillotson

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LP017947



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