SOCIAL ENTERPRISE INVESTMENT FUND I

Over 10 years of Impact:
A ground-breaking fund
Pioneering finance for social enterprise

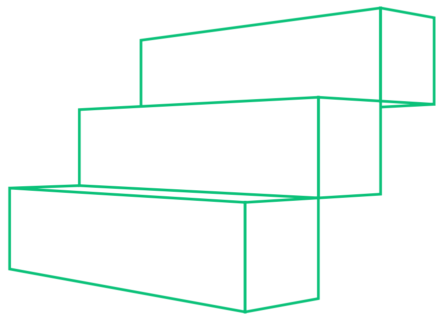
Legal and Regulatory information

This document has been prepared by Big Issue Invest Ltd (BII) with Big Issue Invest Fund Management Ltd ("BIIFM") relating to the social investment funds managed by BIIFM - Big Issue Invest Social Enterprise Investment Fund L.P., Big Issue Invest Social Enterprise Investment Fund II L.P. and Big Issue Invest Outcomes Investment Fund L.P. (the "Funds") or proposed social investment funds to be managed by BIIFM.

The Funds are alternative investment funds ("AIFs") for the purposes of the European Alternative Investment Fund Managers Directive (2011/61/EU) ("AIFMD"). BIIFM is the alternative investment fund manager ("AIFM") of the Funds and is authorised and regulated by the Financial Conduct Authority as a "small authorised UK AIFM" (in accordance with article 3(2) of the AIFMD) to manage unregulated AIFs. This document has been prepared with a view to providing the existing stakeholders of BIIFM and the Funds, investee companies, co-investors and potential collaborators and others for reporting, accountability and information purposes and as otherwise required by law. This document in and of itself is not prepared, produced or issued as a financial promotion.

In certain circumstances this document may be provided accompanied by one or more attachments, by way of email, oral presentation or other communication of this document by BIIFM as manager of the Funds. This document together with any such attachments and/or communications, any question-and-answer session that follows any presentation of this document and any hard copies of this document distributed at, or in connection with, such presentation (collectively the "Document") may constitute a financial promotion. Where used to so promote a Fund, the Document will be provided in compliance with the financial promotion rules applicable to such communication and is supplied for information purposes only and as such does not constitute or form part of, and are not intended to be construed as constituting or forming part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities or interests in the Funds or securities in any other entity. The information and opinions provided in the Document are provided as of the date of the Document and are subject to updating, completion, revision, verification and amendment and such information may change materially. In furnishing the Document neither BIIFM as manager of the Funds undertakes any obligation to provide any additional information or to update the Document or to correct any inaccuracies in, or omissions from, the Document which may become apparent. The Document may also contain words or phrases such as "will", "believe", "expect", "intend", that are forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements. No reliance may be placed on the information contained in the Document or on its completeness, accuracy or fairness by any prospective investor or by any person sharing the document for the purpose of making a financial promotion.

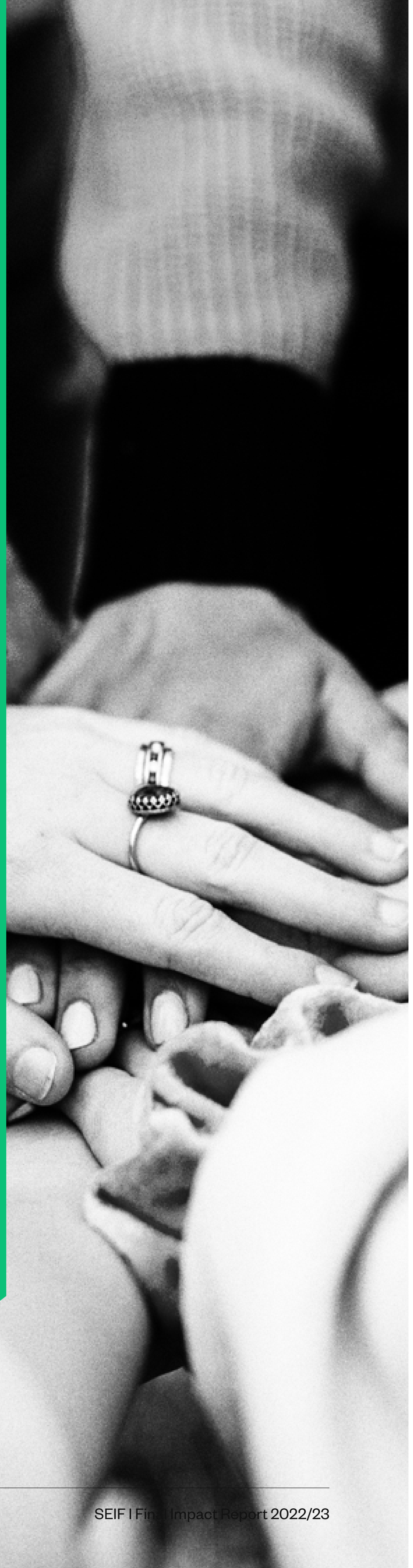
BIIFM takes reasonable care in producing the information contained in the Document. However where information is obtained from third party sources, BIIFM cannot accept responsibility for the completeness or accuracy of that information. Any statements of opinion and/or belief, views expressed and projections, forecasts or statements relating to expectations as regarding future events or the possible future performance represents BIIFM's own assessment and interpretation of the information available at the time. No representation or warranty, express or implied, is given by or on behalf of the Funds or BIIFM or any of such person's directors, officers, advisers, agents or employees or any other person as to the accuracy or completeness of the information or opinions contained in the Document and, to the extent permitted by law, no liability whatsoever (in negligence or otherwise) is accepted by each Fund managed by BII FM or BIIFM or any of such person's directors, officers, advisers, agents or employees or any other person for any loss, howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection with the use of the Document for the purpose of making a financial promotion.



Where the Document is used in the making of a financial promotion please note that:

- Past performance cannot be relied on as a guide to future performance.
- The capital of Investors in the Funds is at risk.
- Any target is not a predictor, projection or guarantee of future performance.

Contents



Introduction

Back in 2005, Nigel Kershaw, then co-founder and CEO of Big Issue Invest and Chair of the Big Issue Group, had a goal: whatever the financial needs of the social enterprise sector, Big Issue Invest should have a solution for them. At that point, Big Issue Invest had laid the groundwork for funding the day-to-day finance needs of social enterprises and charities. But what if you wanted to grow, scale, replicate?

Back then, many social enterprises, like the Big Issue, were struggling to raise capital to fund their growth because traditional finance prioritises profit-generation at the expense of social impact.

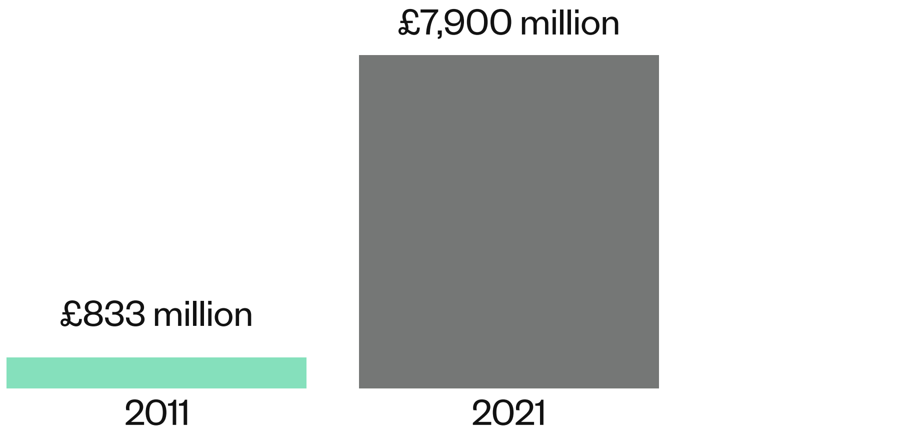
The Social Enterprise Investment Fund (SEIF I) solved this challenge. Established in June 2010, this was a ground-breaking Fund that prioritised impact over profits, while still delivering a financial return. Its timing was critical; in 2010, the government started its austerity programme, challenging the viability of social enterprises, some of which heavily relied on government and local authority contracts.

For resilient social enterprises, challenging environments are growth opportunities. These organisations can also effectively tackle social challenges by providing better and more inclusive services. The Fund invested in organisations with innovative, socially driven, and sustainable business models to improve the lives of the most disadvantaged individuals and communities.

The past decade has been an exciting time in the nascent field of social impact investing as interest from governments, investors, and social entrepreneurs throughout the world surged. In 2012, some two years into the life of SEIF I, the Dormant Accounts Act1[1] enabled the creation of Big Society Capital (BSC), a wholesaler of social investment capital that would invest in, and build up, a range of intermediaries. Other exciting developments spurred further growth of the sector such as social property funds and, a new tax relief for social investment introduced in 2014 and expanded further in 2017. Over the past 10 years, the social investment market has grown ten-fold in the UK.

The Fund also helped establish Big Issue Invest as a leading social investment intermediary: now set to launch its fifth fund imminently, alongside a lending business that finances startups as well as more established social enterprises.

Size of the UK Social Investment Market



Size of the UK social impact investment market, Big Society Capital, as at 31 December 2021

"Most social entrepreneurs had real trouble getting any mainstream finance, because traditionally they didn't have strong balance sheets for example. As a social enterprise ourselves we understood the challenges of getting financing."

Nigel Kershaw OBE
Big Issue Group Chair

[1] Passed in 2008, the Act made it possible for hundreds of millions of pounds to be directed to a 'social investment wholesaler'.

A message from Big Issue Invest CEO

Since the launch of this Fund, Big Issue Invest never deviated from its goal of finding ways to back social enterprises with the finance they need, to find enterprising solutions to poverty.

Why did this Fund work, and deliver the social impact it has? **First, the people.** It is not just the investment team, but a long-standing investment committee that guided the Fund through its journey, chaired for many years by Ron Sheldon. Members of that committee are with us today, helping us on to new funds. That continuity is a thread of knowledge and learning throughout the organisation. **Second, we are a social enterprise.** We know how hard it is to grow and succeed as we live that every day in our own organisation. That keeps us on mission, on target. We know the goal and we don't flinch from it. **Finally, sheer persistence.** This whole team put the hard yards in. Anything else is easier.

I first encountered SEIF I as an investor. Over the years I came to walk alongside it, and it is a privilege for me to steward its final return of funds to investors.

Danyal Sattar
CEO, Big Issue Invest

"If we can get your experience, your knowledge, your money and your heart all together, that's how we can create this hybrid that is neither charity nor business but social investment and social business."

Nigel Kershaw OBE
Big Issue Group Chair

Executive summary

Ground-breaking Impact-First Approach to investing:

The Social Enterprise Investment Fund (SEIF I) prioritised social impact and was the first of its kind to recover all funds, with a return to investors. Over 550,000 individuals were positively impacted by the social enterprises that the Fund invested in.

By a Social Enterprise, for Social Enterprises:

As a social enterprise committed to the mission of tackling poverty, we understand the challenges of our investees. We provided wrap-around support and flexible investment, removing barriers to growth for high-impact social enterprises. We were patient in challenging times, exploring alternative solutions and prioritising impact delivery.

Pioneering Innovative Investments:

The Fund offered a mix of investment products, tailored to the business needs of the social enterprises. Testing and demonstrating the effectiveness of these led to further specialist funds, such as the Outcomes Investment Fund that specialises in outcomes contracts.

Attracting Commercial Investors:

One of the Fund's core objectives was to bring mainstream investors into social investment. 96% of the capital was invested into the Fund, rather than donated, illustrating the attraction of the Fund as an investment opportunity, with mainstream investors such as HSBC backing the Fund.

Catalytic Fund:

SEIF I successfully demonstrated that there is a sizable market for social investment. In the past decade alone the social investment sector has grown ten-fold.

10+ year Track Record for Big Issue Invest:

The experience and success of managing SEIF I and four other follow-on funds, has established BII as a professionally managed, best-in-class intermediary for investors looking to drive social change and secure a financial return on their investment.

Now on our fifth regulated Fund, Big Issue Invest is well on the way towards its goal of positively impacting over 10 million people through our investments.

Headline figures

£9.2 million* Fund

95% invested | **100%** returned capital

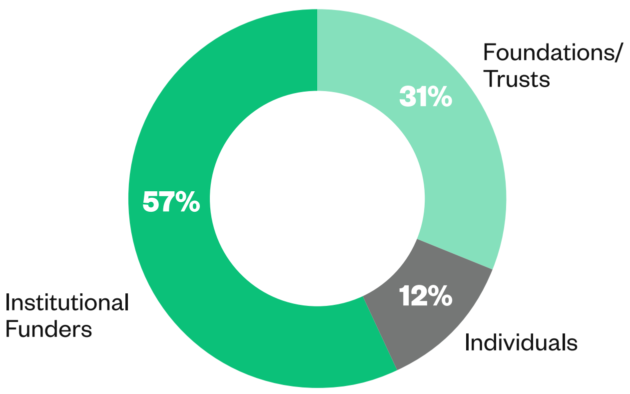
10 year Fund, 5 year investment period

Product split:

*Net of fees

SEIF I attracted a mix of investors, including institutional investors who were new to the sector, foundations and individuals

Funding in SEIF I by value



United Nations Sustainable Development Goals

The Fund directly contributed to SDG 3 and 8, alongside SDGs 4, 11 and 13

Primary SDG Alighment, % of portfolio

96% of capital was invested into the Fund vs. 4% donated

Across 4 key sectors

21 Social Enterprises supported

Through **25** investments

550,000+ people positively impacted

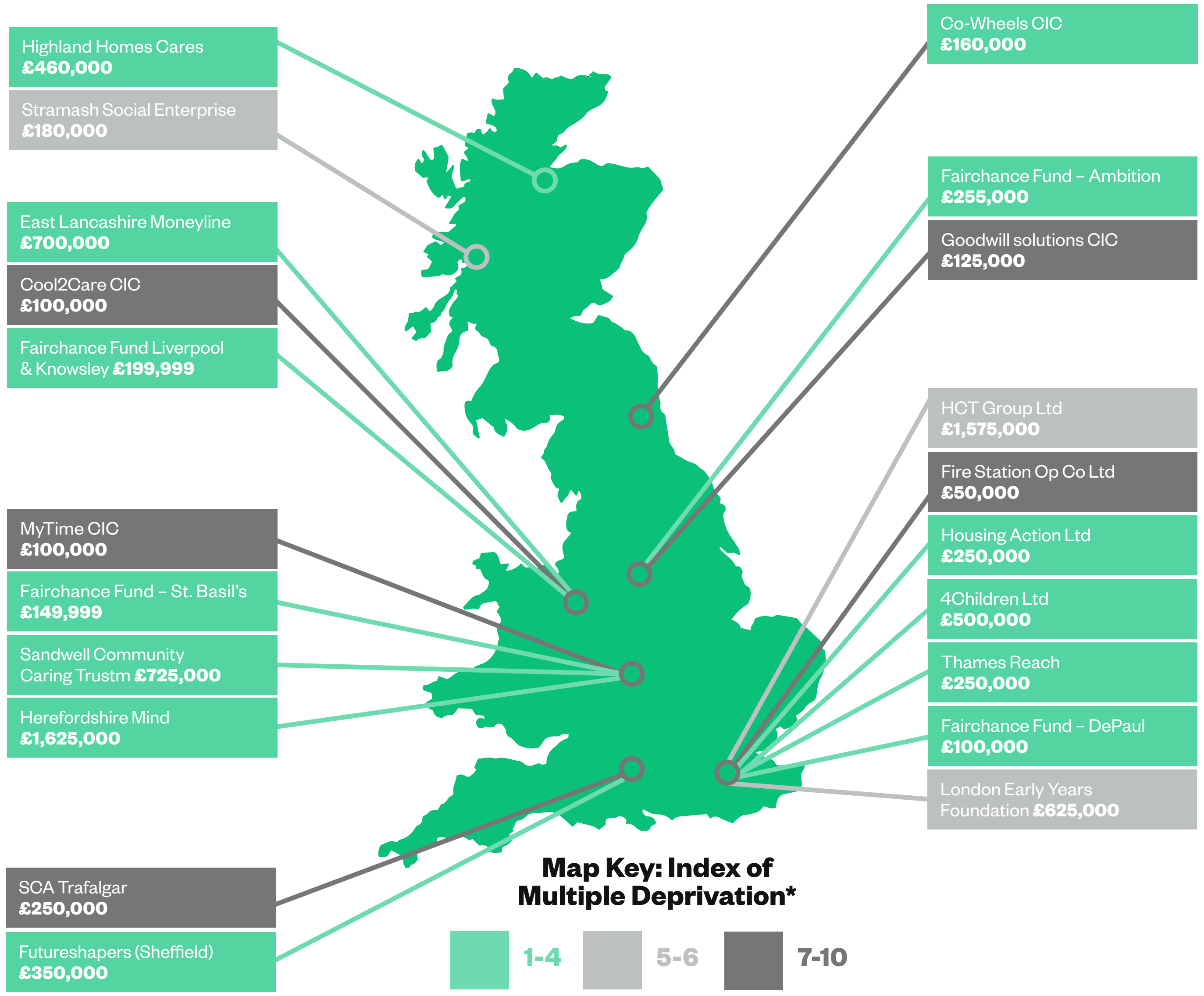
Number of investments serving each Primary Customer Group

1x Mental health needs and conditions	**2x** Physical disabilities or sensory impairments	**3x** Vulnerable children	**3x** Living in poverty and/or financial exclusion

3x Learning difficulties and other neurodivergence	**5x** Vulnerable young people	**4x** Living in precarious housing or homeless

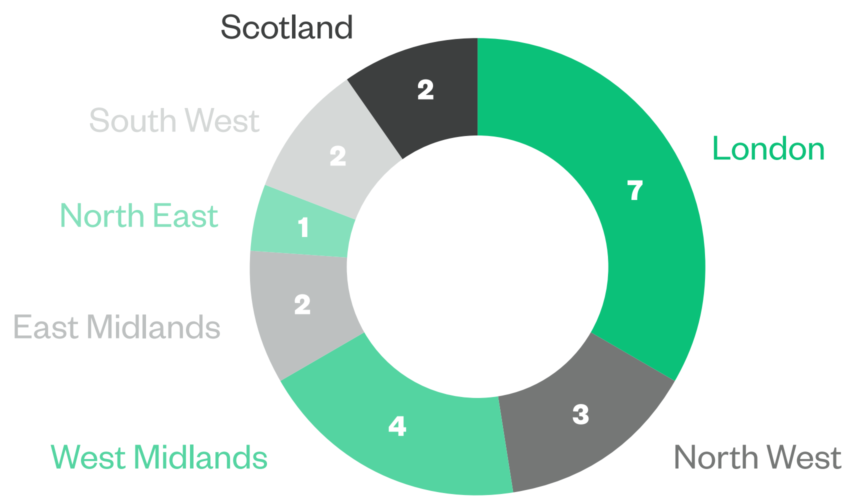
SEIF I Investments across the UK

The SEIF I invested across the UK, with the highest proportion of investments in London (33%), followed by West Midlands (19%). Investment into other regions in the UK are dispersed evenly, c.10% of the portfolio in most regions of England, and Scotland. There are no investments into Wales.



*A tool to quantify deprivation in the UK, with 1 being the most deprived to 10 being the least deprived.

Number of SEIF I Investments across the UK



5 key factors behind SEIF I's success

“In 2010 when we started the business, we always knew we would need some social investment to help with our cash flow. Big Issue Invest was the ideal provider to support our huge ambitions. They allowed us to draw down as we needed and it really helped the business in the first 2 years. The relationship with Big Issue Invest and ourselves was also really great to help tell our story and get people to notice us as a start-up.”

Simon Boyle
Chef Founder, Brigade.
Adapted from 2016/2017 Impact Report

1

Financing for Scale

The SEIF I loan enabled 4Children to meet their working capital requirements and put them in a position to achieve the scale they needed to deliver the large contracts they had won.

Challenge: Social enterprises face significant barriers to accessing suitable finance for scaling

Social enterprises face significant barriers to accessing adequate finance to scale their business and social impact. Often traditional capital is not long-term or flexible, and investors' desire for high financial returns is at odds with the social mission of these ventures. Other lenders such as banks have more stringent lending procedures, requiring several years of financial history and collateral against loans such as assets, criteria which rapidly scaling, novel social enterprises are unlikely to meet.

Social investment, as provided through SEIF I, is vital to support social enterprises to sustainably grow their business models and scale their social impact. Investments from SEIF I have often come at a critical time when the organisation has had an opportunity to grow. For example a venture winning new contracts may be hampered to grow by lack of working capital.

How social investment supported 4Children to meet its growth financing needs

4Children is one of the largest not-for-profit children's centre providers in the country, operational in over 150 sites across the country, including children's centres, nurseries, schools, and RAF bases – a staggering growth from the 42 sites at the time of investment. As the Government's strategic partner for early years and childcare, they now also have a crucial role in co-producing policy with the Department of Education and representing the sector's views and experiences.

Growth finance needs
4Children was growing very quickly, winning several local government contracts including some large new contracts to deliver children's centres and nurseries in 2011. The rapid growth increased turnover from £6.7m in 2009, to £15.5m in 2012, but it also created an immediate working capital requirement, which 4Children's commercial bank overdraft facility could not meet and refused to extend.

The role of Big Issue Invest
BII stepped in at a critical time and provided a £500,000 loan through SEIF I. The loan enabled 4Children to meet their working capital requirements and put them in a position to achieve the scale they needed to deliver the large contracts they had won.

4Children's management had ambitious growth plans and recognised that the charity needed longer-term investment to achieve growth. Following extensive due diligence work by BII on a potential long-term investment in 4Children, HSBC offered the company a £1 million financing package at very attractive terms, which enabled repayment of the loan provided by SEIF I and the continued growth of the charity.

2

Taking a Patient Approach

> ‘We will always owe Big Issue Invest a huge debt of gratitude for your unfailing understanding and support’

Challenge: Social enterprises deliver services to vulnerable individuals. If financial returns are prioritised above all else the viability of an organisation and the social impact they deliver are at risk.

Supporting social enterprises requires a different approach to investing, particularly for organisations working with vulnerable individuals, often through delivering public contracts. Changes to public procurement systems, eligibility requirements, and service provisions can drastically increase or decrease the number of people an organisation can work with, directly impacting the financial status of the company.

BII's considerate and patient approach supported the viability of organisations funded through SEIF I and prioritised the delivery of services to customers. In challenging times, other investors may prioritise recovering their funds, rapidly pulling investments to the detriment of the organisation. Instead, BII opts to support the organisations in delivering frontline work that is essential to the sector.

How a patient approach supported Herefordshire Mind to remain operational following policy changes

Herefordshire Mind is an affiliate of Mind, the mental health charity. They work to support people with experience of mental ill-health. At the heart of this is an approach based on recovery, wellbeing, inclusion, and the removal of stigma, providing empowering person-centred advice, support, and services.

BII's patient approach
In 2015 SEIF I provided a £1,625,000 loan to build accommodation for people with mental health issues leaving hospital. Herefordshire Mind completed the development in 2016 but changes in local authority entitlements meant the facility could not be retained due to lack of self-sufficiency.

BII was faced with a decision, to pull the loan immediately and risk the charity's almost certain closure. Or take a patient approach and work with Herefordshire Mind on alternative ways to recover the finances. BII chose the latter. For 18 months, several other options were trialled and tested, including re-purposing the development as student housing. While providing a useful service to the Herefordshire community, this interim solution supported the development's maintenance and provided a financial stream for the charity.

BII worked closely with Herefordshire Mind as offers were made for the development, refusing below-market and other unfavourable offers. Eventually, a suitable buyer was found with intentions to use the development for its original purpose of supporting vulnerable adults. The offer was accepted, and the proceeds were used to repay the outstanding SEIF I funds, while ensuring the viability of the charity.

“We were acutely aware that any other organisation, in particular if a commercial bank had financed the Miller Court project, the debt would have been called long ago and most likely Herefordshire Mind would have been rendered insolvent and wound up… We will always owe Big Issue Invest a huge debt of gratitude for your unfailing understanding and support.”
Chair of Trustees.

3

Driving Innovation

“I am really pleased to be backing the Fair Chance Fund. It is a great example of how innovative social investment has the potential to achieve great things for people whom traditional funding cannot reach. This will give voluntary sector organisations the freedom to do what’s needed, when it’s needed.”

Rob Wilson
Civil Society Minister

SEIF I was instrumental in testing new and innovative forms of financing to drive social enterprise growth and deliver quality social outcomes.

One of these innovations includes Social Outcomes Contracts, a form of payment by results contract. For more information about how Social Outcomes Contracts work, see our BII Impact report Outcomes Investment Fund

The UK Government launched Outcomes Funds dedicated to paying for the results of outcomes contracts, including the £15 million Fair Chance Fund, which sought to address some of the key social issues contributing to homelessness amongst 60,000 18–24-year-olds. BII invested £705,000 through SEIF I across the Fair Chance Fund programme and launched four projects across England.

The success of this novel approach has led to a new and rapidly growing segment of the social investment market. The successive fund, Social Enterprise Investment Fund II invested in two further Outcomes-Based Contracts, ahead of BII launching a dedicated £10 million fund, the Outcomes Investment Fund (OIF) in 2017. OIF gained real traction over its investment period, having committed just under 94% of the fund to 21 additional projects, catalysing over £58 million in social outcomes value.

Tackling homelessness through Social Outcomes Contracts

Homelessness is a multifaceted issue with a significant and debilitating impact on those suffering and society at large. It is often triggered by personal crises like the loss of a job or the breakdown of a relationship. However, there are also wider structural causes like the high cost and low availability of rental property. Rough sleeping is the most visible form of homelessness, but it is a much wider problem encompassing people living in hostels, B&Bs, and sofa surfing with friends. Lack of a secure base is often wrapped up with a range of other problems including social isolation, health problems, and unemployment.

Ambition East Midlands

supported 409 young people across the East Midlands.

The Ambition East Midlands contract brought together a consortium of three main charities; P3, The Y (Leicestershire), and YMCA (Derbyshire).

DePaul

consortium operated across multiple geographies, working with 206 young people in Manchester, Oldham, Rochdale and Greenwich.

DePaul UK is one of the leading national youth homelessness charities with a track record of working with some of the most disadvantaged, vulnerable young people over the past 25 years.

982
(89%) supported into housing

350
(32%) attainned education qualifications (Entry, Level 1, or Level 2)

345
(31%) gained entry to employment

Local Solutions

worked with 139 young people in Liverpool and Knowsley.

Local Solutions is a well-established charity in the Northwest and North Wales, which has been delivering services to support vulnerable individuals since 1974.

St Basil’s

supported 351 young people across 30 sites in Birmingham and the West Midlands.

St Basil’s is a registered charity with a 40-year track record of providing accommodation and support services for young people (aged 16 to 25) who are homeless, at risk or in conflict.

How services delivered through Social Outcomes Contracts (SOCs) can make a difference

Focus on outcomes and the flexible contracting structure enabled each provider to adapt their service delivery to the needs of the young people they were working with. As a result, the programmes achieved strong performances across several outcome areas.

4

Meeting Enterprise Needs through Flexible Finance

The terms of the BII investment were structured to be patient with an extended interest-only period – designed to give the business the cash flow to grow.

Revenue Participation Agreements (RPAs) are a form of 'quasi-equity': a financial product that has characteristics of debt but mimics an equity investment by being repaid in line with the organisation's revenue, rather than a fixed set of repayments. So the risks and rewards are shared between the enterprise and the investor.

SEIF I expanded the variety of financial products available to social enterprises tailored to their business needs.

At the time that SEIF I was launched, most of the funding for social enterprises was in the form of securitised debt. This type of financing is not accessible to many social enterprises that have no assets to offer as collateral. SEIF I was specifically pioneering in that respect, by expanding the variety of financial products available, such as Revenue Participation Agreements (RPAs). They are an exciting alternative for companies looking to raise additional resources and/or expand without requiring assets for security.

Flexible capital provided by BII catalysed additional investment into Sandwell Community Caring Trust

SCCT's mission is to support people who need help to live independent and happy lives. They provide a range of residential and day support to 650 people across the West Midlands and Southwest (Torbay), including adults with profound disabilities and older people with dementia. The charity was established in the mid-1990s having spun out from Sandwell Metropolitan Borough Council (Sandwell MBC). At the time of investment, SCCT was a £15 million revenue business.

How SCCT's approach is delivering positive value for the charity's stakeholders including local authorities; carers; clients and their families

SCCT cultivates a compassionate culture and the management focuses on key performance indicators including staff turnover and absenteeism. SCCT had a staff turnover rate of 9% and an absentee rate of 0.7 days per year during the investment period: extraordinarily low figures for the care sector (29% turnover rate and an absentee rate of 4.3 days per year according to Skills for Care data). 80% of SCCT's staff had been with the charity for more than three years. In addition, SCCT owns (through acquisition and development) many of the properties which are homes for its clients – this enables SCCT to provide the highest standard of accommodation whilst securing revenue streams that can be utilised for charitable objectives.

BII's role in enabling the growth of SCCT

In April 2013, SCCT acquired Hall Green, a 62-bed residential care home in Sandwell, for £4.25 million. Unity Trust Bank was willing to provide SCCT with 75% of the funding required, provided they raised the additional funds elsewhere. BII invested £725,000 structured in two equal parts: £362,500 fixed rate term loan (seven years); and £362,500 revenue participation loan with returns dependent upon the uplift in annual revenue.

The BII investment was structured to be patient with an extended interest-only period, designed to give the business the cash flow to grow. The £750,000 in SCCT represented a 25% equity layer and was a deal enabler without which SCCT would have been unable to proceed with the acquisition

All of HAL's tenants remained in their homes, achieving continuity of tenancy.

5 Putting People First

Impact is at the heart of BII's mission and a key pillar throughout the investment cycle, from due diligence to exit.

Early into SEIF I as some of our investees faced challenging times impacted by changing market and policy shifts. Our priority was to ensure that the end clients were not left more disadvantaged than before our investment. This set the tone for the people-first approach of the Fund, and has been carried through the years at BII.

How BII supported tenants at risk of homelessness following Housing Action Limited liquidation

Housing Action Limited (HAL) applied an innovative model, letting properties owned by private landlords and sub-letting them to house 300 vulnerable tenants. Tenants typically had acute housing and personal needs and/or a history of homelessness. HAL helped keep tenants in their homes by providing support, through regular visits and coordinating services from external agencies, and working with the tenants to help them find employment.

Investment

In 2011, BII made a £250,000 investment into HAL, comprising of £200,000 revenue participation agreement and £50,000 fixed rate term loan. The original purpose of the investment was to allow HAL to meet cash flow requirements: they had ambitious plans to grow over five years – to house an additional 1,000 vulnerable people, bring 200 empty homes into use, and provide skills and work opportunities to tenants.

Challenges facing HAL

Shortly after the initial investment was completed, HAL began to experience serious trading difficulties, due to a withdrawal of support from local authorities and the impact of the wider economy. In close consultation with BII, and after considering all options and interests of stakeholders, the Board of Trustees of HAL decided to place the charity into liquidation in April 2012. A liquidator was appointed to use property owned by Housing Action to meet creditors' claims.

BII's people-first approach

Over 18 months, the Fund investment team remained in close contact with the liquidator. A priority was to minimise the impact of the liquidation on the lives of the 300 vulnerable individuals who sub-leased properties from private landlords through HAL and the nine direct tenants of the charity. Ensuring that no tenants were made homeless as a consequence of the transfer of tenancies to new property owners and managers. The wider Big Issue Group was also on standby ready to offer support in any way needed.

Outcome

All of HAL's tenants remained in their homes, achieving continuity of tenancy, with only one tenant moving on to be re-housed elsewhere, with a sizable proportion of properties now managed by social landlords. The Fund also received regular payments from the liquidation process until all monies were recovered in 2013. This remarkable achievement demonstrates the uniqueness of the Fund's people-first approach to investment management.

What Next?

Lessons from SEIF I are shaping our next steps

The Social Enterprise Investment Fund (SEIF I) was an innovation hub, testing product fit, to business models, to investor appetite. It has been leading the way for its successor funds – the Social Enterprise Investment Fund II (SEIF II), and the specialist fund dedicated to social outcomes contracting (SOCs), BII Outcomes Investment Fund (OIF). All three funds have successfully committed over 90% of their original capital and continue to drive positive social impact for vulnerable and disadvantaged individuals and communities across the UK.

Thanks to the success of SEIF I and its successor funds SEIF II and OIF, we have recently launched an additional fund, the Growth Impact Fund and are about to launch Fund IV. BII has had total commitments of over £51 million as of 31 May 2023, making it one of the leading dedicated social investment impact funds in the UK.

Lessons from SEIF I have informed how we work, ensuring we are refining our approach as a social investor to provide the best support for our investees.

1 Increasing investment size to meet the growth ambitions of enterprises

Over the lifetime of SEIF I and the follow-on funds, we have seen our funding towards social sector organisations grow from ticket sizes of £50,000 to £3 million, driven by demand from growing social enterprises looking to scale further. In response, BII will soon launch Fund IV, offering secured unitranche loans between £1 million and £5 million, to simplify complex syndicate structures that delay timelines and complicate capital structures.

2 Strategic partner to our investees

Our hands-on approach to investing has been an integral part of the success of SEIF I, stemming from our unique insights of operating as a social enterprise and experiencing the same challenges as our investees.

3 Collaborating to reach more impactful ventures

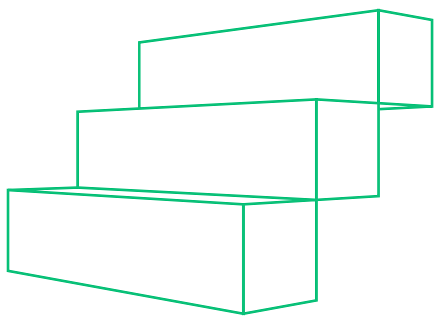
Finding the appropriate investees can be hard, yet the need is there, as demonstrated through the above 90% committed capital in each of our funds. We are always working to reach social enterprises most in need of investment through the wider BII network and by forming coalitions with other partners.

4 Developing specialist funds

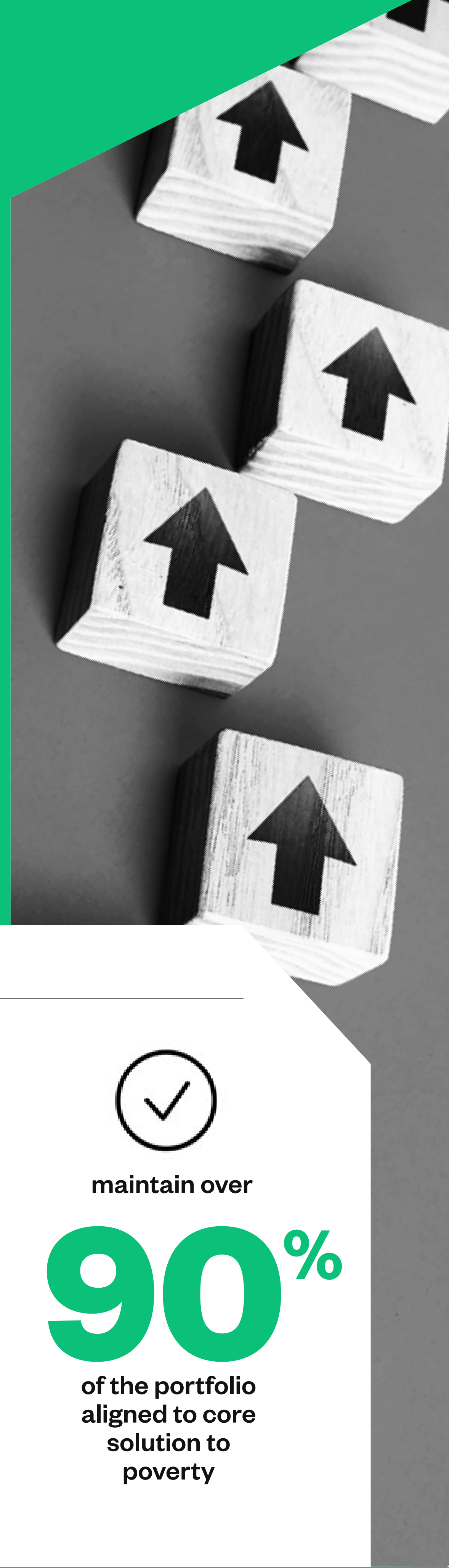
Learnings from SEIF I have informed and seeded various successor funds by BII and other intermediaries, including sector specific funds (e.g. housing), product specialism funds (e.g. Outcomes Investment Fund), and investment stage specialist funds (e.g. the Growth Impact Fund).

5 Improving how we work

The team has gained a lot of experience from successful and challenging investments. For instance, foreseeing which investments are likely to face challenges either because of the sectors they operate in, their business model, or fundamentals like their team culture and leadership. BII is continuously learning where things can be done better, in fund design, internal training and development opportunities, Diversity, Equity and Inclusion practices and other processes.



Conclusion



SEIF I was a catalytic fund, successfully demonstrating that there is a sizable market for social investment. Increased access to growth finance and a patient, flexible approach to investing into purpose-led businesses generates significant social impact and a financial return for investors.

Over a decade later, the need for social investment remains as acute. Around 14.5 million people are currently living in relative poverty in the UK. The cost-of-living crisis is driving disadvantaged households further into poverty, with a disproportionate impact on ethnic minorities, disabled people, and women. Social investment is a powerful tool against poverty, investing into organisations that are achieving social outcomes for the most disadvantaged members of our community, who have been unable to raise funding from other sources such as banks and financial institutions.

We are pleased to see the growth in the social investment sector over the last decade leading to more sustainable social ventures, for the ultimate benefit of people and communities most in need. However, growth constraints on the development of the social investment market and access to suitable and adequate financing for social purpose organisations continue to persist.

Since 2005, Big Issue Invest has provided support to social businesses and charities to deliver social, economic, and environmental impact for disadvantaged people across the UK. Now on our fifth regulated Fund, Big Issue Invest is well on the way towards its goal of £500m under management by 2030. Our objective is to positively impact over 10 million people through our investments, delivering over 70% of these in areas of highest deprivation in the UK and maintain over 90% of the portfolio aligned to core solution to poverty.

BII remains committed to supporting the social enterprise sector to develop and grow, driving social and economic change for people in the UK affected by poverty.

Our objectives

to positively impact over **10 million**

deliver over **70%** in UK areas of highest deprivation

maintain over **90%** of the portfolio aligned to core solution to poverty

Acknowledgments for SEIF I

We are grateful to our investors for their investment into this pioneering fund which we believe has played a catalytic role in the social investment sector. We would also like to extend a big thank you to the numerous interns, volunteers, and other supporters who have so generously contributed their skills and experience to our efforts, including providing legal and other professional input at no cost.

A special thanks to John Bird and Nigel Kershaw who founded the Big Issue Group, including Big Issue Invest, and whose tenacity and dedication to social entrepreneurship made SEIF I possible.

Of course, all this would have been irrelevant without our investees, we are grateful for the extraordinary impact they have on people's lives every day and proud to have had the opportunity to support them along their journey.

"2010 was the early days of impact investing. I was doing some philanthropy and some investing but I felt there was a better way which would combine the two. There was lots of talk about the new concept of "impact investing" but to me it mainly seemed to be smoke and mirrors. The Big Issue was the first to offer a concrete proposal that seemed to tick all the right boxes for me. It would help social enterprises all across the country in a wide variety of sectors. What has most impressed me about the Big Issue model is how they have worked with the investees to make things work. Compassion and empathy seem to be at the core of what they do. I was delighted with the social returns on my investment and have continued to invest alongside the Big Issue in more recent funds"

Nick Marple
SEIF I investor

"The exciting thing about SEIF I was that it enabled us to do two key things; [1] we could provide a vehicle for social investment for everybody by aggregating their individual amounts – these ranged from £2,000 to £250,000 per individual. [2] The returns from SEIF I could be recycled in perpetuity into further fundraising rounds*, whether for SEIF I, or its successor fund [SEIF II]. SEIF I allowed for all levels of donations through Charities Trust to be part of this impactful process and through the returns to do it again and again."

Charities Trust
SEIF I investor

*This is applicable only to funds from Charities Trust and not for all the LPs.

Fund Information

General Partner: Big Issue Social Investments Limited
113-115 Fonthill Road Finsbury Park London Great Britain N4 3HH

Directors of the General Partner:
Parveen Bird, Stephen Howard, Danyal Sattar

Manager: Big Issue Invest Fund Management Ltd
113-115 Fonthill Road Finsbury Park London Great Britain N4 3HH

Directors of the Manager:
Pete Flynn (Chair), Parveen Bird, John Gilligan,
Danyal Sattar, Melanie Tillotson

Limited Partnership Registration Number: LP017947

Registered Office:
113-115 Fonthill Road Finsbury Park London Great Britain N4 3HH

@bigissueinvest
www.bigissueinvest.com