

Foreword

This is the fifth edition of our Northern Powerhouse Investment Fund (NPIF) newsletter and one which, I'm pleased to say, continues the theme of earlier newsletters in showing a productive period with a wide spread of investments both geographically and across sectors. Together with our fund managers, we have reached new milestones with more than 330 businesses receiving over £120m of funding to fuel their growth. £68m of this money has come directly from NPIF funds and that leveraged an extra £54m in private sector finance. These investments are supporting key growth sectors, with advanced manufacturing and technology now particularly active.

This issue of the newsletter contains case studies of great businesses from across the North that are taking advantage of

the funding opportunities that NPIF has made available. In addition, we cover some of the support we continue to enjoy from our stakeholders. One highlight is Jake Berry's visit to Adventoris - a Huddersfield-based software developer that secured £500,000 from NPIF in November 2017. During his visit the Northern Powerhouse Minister complimented the rapid progress of the Fund and its role in supporting the North's ambitious and innovative businesses.

We cannot rest on our laurels. There is still more to be done to increase awareness of the funding available amongst those high growth companies that would benefit from investment. We are doing what we can to promote the Fund, including through events, social media and the mainstream press, but we also need our stakeholders and others to help. Should you have an event or similar opportunity to promote



the Northern Powerhouse Investment Fund please contact Suzanne Tinkler suzanne.tinkler@british-business-bank.co.uk from our marketing team and she will be happy to help.

Thank you for your interest in the Northern Powerhouse Investment Fund and the British Business Bank.

**Ken Cooper, Managing Director,
British Business Bank**

Power Body Nutrition bulks up



York-based Power Body Nutrition, a wholesale distributor of nutrition and sports supplements, has boosted turnover by 40 per cent in the 18 months after securing a £200,000 loan from NPIF - Mercia Debt Finance, part of the Northern Powerhouse Investment Fund (NPIF).

Power Body Nutrition was established in 2008 and has grown to become one of the UK's top suppliers of nutrition and sports supplements to shops and gyms across Europe. The company works with some of the largest brands in its sector and also produces its own range of products.

The firm has used the funding to scale up its stock purchase and upgrade to a new IT system. Turnover figures stood at £12m prior to the investment and are now in excess of £17m. In addition to this, the company has taken on an additional 11 members of staff, bringing the total headcount to 46.

NPIF - Mercia Debt Finance also provided £300,000 follow up funding in April 2018, which will allow Power Body Nutrition to diversify its product range as it looks to enter the vitamin supplement market and develop its own range of supplements for pets. As well as this, Power Body Nutrition is building its own bespoke stocking system, which it plans to sell to other wholesalers and distributors to assist with large orders and deliveries.

Sean Hutchinson, Senior Manager at British Business Bank, said:

"Power Body Nutrition exemplifies a great NPIF investment. In the time we've been working with the company it has helped boost the local economy by achieving double-digit turnover growth and 11 new jobs in the York region."

Ian Atkinson, Investment Manager at Mercia Debt Finance, said:

"Diversifying the product range and attracting new talent has certainly paid off for Power Body Nutrition. Following the success of the initial investment, we were keen to support the company's ambitions with follow-up funding to the tune of £300,000. With this new source of capital, it has the opportunity to tap into new revenue streams within the wholesale market."

David Dickson, Chair of the Infrastructure Board for the York, North Yorkshire and East Riding LEP, said:

"Power Body Nutrition is an excellent business that has made huge strides since NPIF invested. With the support from the York, North Yorkshire and East Riding LEP, SMEs in our region can grow through our support programmes. Power Body Nutrition is sending out a message to encourage those who have the ambition to succeed, but need help along the way. We urge businesses to visit the Growth Hub and take advantage of the support available through the How's Business structure."

Deal Roundup

The appetite for capital has remained strong across the Northern Powerhouse regions, and NPIF has continued to complete a number of deals across a wide range of sectors. Here are some of the transactions NPIF has completed this quarter:

Rinicare

Alderley Edge-based Rinicare Limited is a healthcare company that works with clinicians to improve outcomes and reduce costs through the use of AI. The funding will be used to commercialise its wireless physiological signs technology (PRIME) and falls prevention system (SAFE) as well as develop its AI-powered predictive algorithm for intensive care.

OTTY Sleep

Based in Leeds, OTTY Sleep is a bed-in-a-box mattress retailer that delivers premium mattresses direct to customers' doors. The funding will support the company's ambitious growth plans and increase its product range as it looks to expand across Europe.

Reax

Blackpool rescue training business Reax provides training and first aid courses to various sectors, including emergency services, construction and engineering. It received a £35,000 microfinance loan that will be used to develop current facilities and recruit five additional rescue, first aid and trauma trainers.

Communicate

Tees Valley technology firm Communicate provides telecoms services, cyber security and cloud-based services to businesses across the UK, with a specialism in multi-occupancy commercial properties and business parks. Communicate received £500,000 worth of debt finance, which will be used to expand its services into an additional 35 buildings and create new jobs in the Tees Valley region.

Shaping Cloud

Shaping Cloud is a Manchester-based company that enables the NHS, local authorities and other government departments in the North to implement cloud storage technology. The £750,000 equity finance investment will contribute to continued innovation and development in its cloud products, sales and marketing activity and create a further 12 jobs.

Whitespace

Sheffield company Whitespace Technology provides high-speed broadband to rural areas by using gaps in TV frequencies left from the analogue to digital switch. The firm received £150,000 worth of debt finance, which will be used to purchase the necessary equipment to connect over 20,000 properties to the internet over the next two years.



Deal in Focus: Creation 360

Product design agency Creation 360 plans to develop a new mobile solution for the hospitality and leisure industry after receiving £250,000 from NPIF - Maven Equity Finance, managed by Maven Capital Partners and part of the Northern Powerhouse Investment Fund.

Founded in 2014 by Kevin Coleman, the Manchester-based firm develops, designs and delivers bespoke promotional merchandise and display solutions for Fast-Moving Consumer Goods (FMCG) brands such as Coca Cola, Hilton Hotels and Vimto.

The company, which received the funding as part of a larger round totalling £750,000, will use the money to expand operational capacity through the development of AuditCloud, its digital platform solution for the hospitality and leisure industry.

The mobile solution records, consolidates, analyses and reports multiple customer-related data streams in real time, with the beta product being used nationally by both Hilton Hotels and Bourne Leisure. In addition to this, the funding will also fuel a recruitment drive, creating 11 jobs in the Greater Manchester area as the demand for products grows.

Creation 360 will also enter a three-year Knowledge Transfer Partnership (KTP) agreement with Manchester University to further develop the next generation AuditCloud platform that will analyse all social media feeds and report on negative comments. The investment from NPIF will

be used to launch AuditCloud and help grow the product's reach using the KTP.

Jim Darlington, Investment Manager at NPIF - Maven Equity Finance, said:

"We are delighted to support Creation as it seeks to expand its presence with its new and innovative AuditCloud product. Kevin and the team have exciting plans to grow the business and we are optimistic about the interest AuditCloud will generate in the marketplace."

"We are looking forward to working alongside Kevin and the management team, who are more than capable of capitalising on the opportunity to drive the business forward."

Sue Barnard at the British Business Bank said:

"The Northern Powerhouse Investment Fund can provide much needed stimulus to businesses in the North, with the investment in Creation 360 being a prime example of this. Through this new line of funding, the company is now able to bolster its headcount and develop its products further. We are very much looking forward to seeing how the business progresses following this investment"



Microfinance

£25k - £100k

www.npif.co.uk/microfinance



Debt Finance

£100k - £750k

www.npif.co.uk/debt-finance



Equity Finance

£50k - £2m

www.npif.co.uk/equity-finance

Q&A: Meet the Fund Manager



Name: Will Clark

Company: Mercia Fund Managers

Job title: Equity Fund Principal

NPIF area: Yorkshire, the Humber and Tees Valley

Describe a typical day as a fund manager.

A typical day usually starts with a train ride to one of the local teams in Leeds, Sheffield or Stockton-on-Tees. There are ten of us now, so there's always lots going on - plenty of businesses to discuss, marketing and event programmes to consider and the development of our expanding network of non-execs and mentors who help our entrepreneurs to scale their businesses. The most enjoyable elements of the day are meeting companies seeking investment and attending portfolio board meetings to discuss the progress made in developing their NPIF-funded business.

What is it like working with SMEs across the North? I've worked with owner-managed businesses and been involved in private equity and venture capital for about 20 years now. I take inspiration from being in the company of those businesses which are led by extremely focused people. It's stimulating to be amongst entrepreneurs and management teams who can see what equity capital can do to help them supercharge their business. We all relish the courtship - understanding what the business model is, how the market is influencing company strategy and, fundamentally, what the personal motivations are of those people we're looking to back. We have 24 businesses in the portfolio which are on really interesting journeys, and the most fascinating thing is how they all interact when we bring them together for CEO or portfolio events.

What characteristics do you look for in a new deal? We want to work with growing businesses that have real ambition. We have a very broad investment range - from £50,000 to £2million - and can support both start-ups and scale-ups with early-stage seed or later-stage equity capital. We can be the sole investor or part of a syndicate but, essentially, we're looking for a talented team which has a clear vision and strategy for taking advantage of a market opportunity.

Which sectors should we keep an eye on in the North at the moment?

NPIF is a generalist fund, but we're seeing some very interesting opportunities in the process engineering space in the Tees Valley area, clever manufacturing in the Sheffield City Region and, of course, there are some incredibly exciting hubs of software and cyber security businesses in Leeds and Manchester.

Proudest career achievement to date.

It's always satisfying when a business you've backed is successful in attracting a new owner, particularly when the management team, which has sacrificed so much, realises a life-changing amount of money. However, being part of the team which secured the mandate to manage the NPIF equity fund across Yorkshire, Humber and Tees Valley and the debt mandate across Yorkshire & the Humber was certainly a proud moment.

What do you do in your spare time?

My two girls are keen swimmers, so most of the weekend is spent running dad's taxi service. However, I have a passion for motorsport and had some excellent trips this year with my son - the Spa F1 weekend was slightly drier than being in the Welsh forests for the last round of the World Rally Championship. Other than that, I keep an eye on the cricket and of course my support for Burnley FC causes a lot of consternation with my family and work colleagues!

LEP Perspective



Lancashire has always had a proud tradition of making things and selling them to the world.

But as we increasingly find ourselves in a highly competitive global marketplace we are having to become more agile, creative and bold in order to thrive.

Nurturing innovation to increase productivity is also at the heart of both the government's national Industrial Strategy and the Northern Powerhouse initiative, and further underpins many of the investments made by the Northern Powerhouse Investment Fund (NPIF) and our own Growth Deal.

In fact, Lancashire has seen over £5m invested by NPIF through equity, debt and microfinance loans over the last 18 months, supporting a range of businesses from emerging tech and software firms, through to those in more established sectors.

However, despite some of the fantastic scale-ups who are involved in advanced manufacturing, aerospace, composites, energy and MedTech across Lancashire, we are aware that in some quarters we retain an 'oily rag' image. And while we greatly value the contribution more traditional industries have made to our economy, this also means challenges which are linked to perceptions rather than actual performance.

That's why the Lancashire Enterprise Partnership has worked hard to develop a refreshed economic narrative. This is centred not only on our core sector strengths and our existing high-value industries, but also our immense potential. This was also the message Lancashire took to the recent MIPIM investment expo in London.

We used the opportunity to impress upon delegates that Lancashire was putting innovation at the heart of its economy. We highlighted Lancaster University's £41m Health Innovation Campus, set to be a hub of global excellence within digital health; the University of Central Lancashire's £30m Engineering Innovation Centre, which will drive advanced engineering teaching, research and knowledge exchange; and Lancashire's Advanced Manufacturing Energy EZ Cluster.

With the support of initiatives like the Northern Powerhouse Investment Fund helping to fund our next generation of smart, disruptive and growth-hungry SMEs at the grass roots - and these major investments which will enable such firms to compete on a global scale through great R&D, a high-skilled workforce and a collaborative and innovative ecosystem - Lancashire now has the chance to show the world there's far more to it than old mills, flat caps and steam-powered pistons.

Andy Walker, Head of Business Growth at Lancashire County Council