



EMBARGOED UNTIL 00.01, WEDNESDAY, OCTOBER 31

Bank of Scotland takes strategic stake in Pi Capital

Bank of Scotland Corporate has taken a strategic 19.9% stake in Pi Capital through its Growth Equity team. No shares were sold by existing Pi shareholders.

Pi Capital is a unique investor network that finds exciting growth equity and alternative asset investment opportunities for its members, and negotiates participation in select private equity deals. It allows individual investors to participate in transactions on an opt-in basis that are usually the exclusive preserve of institutions.

The Bank's Growth Equity team, led by Stephen Campbell, makes direct equity investments into a variety of businesses, from small technology companies to the largest public companies. These investments are made directly from the Bank's balance sheet, not from a fund, which gives the bank the flexibility to work with management teams.

Following Bank of Scotland's investment, Pi Capital will gain access to the Bank's pipeline of Growth Equity deals, and provides a partner who can open doors for Pi members to a range of investments in other asset classes. For its part, Bank of Scotland will gain access to Pi's high-powered network of top UK entrepreneurs, business leaders and financiers, which has extensive experience of multiple business sectors.

Pi Capital will have the opportunity to participate in select Bank of Scotland investments, though it will be under no obligation to do so. It retains the freedom to source deals from its membership and its own origination activities.

Pi Capital retains a flexible, 'best of breed' open architecture model in its approach to investments, having co-invested in funds and direct deals led by private equity firms including Alchemy, Englefield Capital, and BC Partners. Pi Capital will continue to work alongside partners of this calibre to take equity stakes in exciting growth companies. In partnership with Bank of Scotland and others, it also intends to develop its investments in alternative assets, including debt, mezzanine and real estate.

Both Bank of Scotland and Pi Capital host an extensive programme of education, research and events, and look forward to developing this programme further in partnership. Pi Capital holds monthly events with expert speakers on such subjects as climate change, philanthropy, entrepreneurship, and emerging markets such as China and India. Former speakers have included Sir Martin Sorrell, Sir Richard Branson, George Osborne MP and Sir Stelios Haji-Ioannou. Bank of Scotland Corporate is well-known for its support for entrepreneurship and women in business.

David Giampaolo, chief executive of Pi Capital, said:

“I am delighted to welcome Bank of Scotland as a strategic investor in Pi Capital. The commitment that this transaction represents speaks volumes for the potential that we both see for working together in the best interests of our clients. Pi Capital represents a powerful and demanding membership whose expectations of performance ensure that we constantly strive to add value for them. This philosophy is also core to Bank of Scotland and I believe that our partnership will allow us both to enhance the quality of transactions, events, services and networking opportunities we jointly deliver as a result.”

Graeme Shankland, managing director, Bank of Scotland Corporate, said:

“I am impressed with Pi Capital’s business model and am confident this will prove an excellent investment for Bank of Scotland. We believe we are the UK bank that best understands entrepreneurs, and which can meet their financing needs. Our partnership with Pi Capital will strengthen our expertise in this area.”

Ends

Notes for editors:

About Pi Capital

Pi Capital is a unique investor network that finds exciting growth equity and alternative asset investment opportunities for its members, and negotiates participation in select private equity deals and funds. It allows individual investors to participate in transactions on an opt-in basis that are usually the exclusive preserve of institutions.

In addition to investment opportunities, Pi Capital offers its members a vibrant social and educational programme, holding expert speaker lunches, charity dinners, and arts and philanthropy events.

About Bank of Scotland’s Growth Equity team

Bank of Scotland’s Growth Equity team makes direct equity investments into a variety of businesses, from small technology companies to the largest public companies. It makes investments directly from the Bank's balance sheet, not from a fund. It therefore has the flexibility to work with management teams to facilitate an exit at the right time for the business itself.

Since 2001 the team has made over 40 investments worth some £200 million. Recent investments include: Rocela Group, Loudwater Trust, Artimi Inc, Sleep Depot, Tumi, Zoom Airlines, Panmure Gordon and Braveheart Investment Group.

It looks for the following criteria in potential investee companies:

- Two years' revenue with a positive sales trend
- Exhibits above average growth
- Experienced, well-balanced management team
- Large UK or global market
- Competitive advantage period of three to four years
- Strong corporate governance
- Good exit prospects
- Equity requirement £1m and above

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Interviews will be available on request. ISDN facilities are available