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News Release

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New £8m Early Advantage Fund Launched

A new £8 million early stage equity fund, the Early Advantage fund, was announced today to provide another source of investment for the region's SMEs. The fund, financed by Advantage West Midlands and the European Regional Development Fund will be delivered by Midven Ltd, one of the West Midlands' most successful equity fund managers.

The fund can make an initial investment of up to £125,000, generally matched by a private sector investor or investors providing at least the same amount, resulting in up to £250,000 of investment into the business. The fund can invest up to a further £125,000 in subsequent funding rounds (again matched by the private sector), but with the ability to invest more in certain circumstances.

The Early Advantage fund is looking for investment opportunities in Small and Medium Enterprises (SMEs) which meet the following criteria:

- early stage SMEs with or without revenues;
- High growth companies which have the potential to return a multiple of the Fund's investment in 3-7 years
- SMEs interested in raising investment of up to £500,000 (the Fund can participate in larger later rounds)

To be eligible the SME must carry out significant operations or trading in the West Midlands or undertake to set up operations or trading in the West Midlands as a result of the investment.

The Early Advantage fund is open to any sector except for those excluded by European State Aid restrictions which are shipbuilding, coal mining, schools etc.

Mick Laverty, Chief Executive of Advantage West Midlands, welcomed the new fund:

“Advantage West Midlands is determined to develop the necessary financial products to ensure the region's businesses, particularly our SMEs, have access to the funds they need to start up and grow. It builds on the experience of the Advantage Early Growth Fund which ended its initial investment period earlier this year, having invested a total of £8.8 million in over 60 businesses, leveraging nearly £23 million of finance from

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other sources.

“I am very pleased that, with the launch of the Early Advantage fund that there will be continuity of finance in this vital area of the business finance landscape, helping lead the West Midlands economy out of recession and creating a culture of innovation and enterprise.”

Dr Andrew Muir, Midven Ltd, said:

“Midven Limited is a privately owned company with a successful track record of investing in small and medium-sized enterprises in the Midlands. I am excited by the Early Advantage fund and delighted Midven Ltd was chosen to deliver it.

“I’m sure this fund will prove popular with SMEs. In fact word is out and already there have been a number of expressions of interest in the Early Advantage fund, with the first investment likely to be approved in the near future. I look forward to officially launching the fund and taking it to the market properly in the New Year. In the meantime the fund is open for business”

NOTES

1. **Early Advantage fund** is one of the Government’s **‘Solutions for Business’** products.
2. **Solutions for Business** products can be accessed in the region via Business Link West Midlands (www.busineslinkwm.co.uk), or call 0845 113 1234.
3. **Midven Ltd** manages funds that have invested in a wide variety of sectors, including software, biotechnology, healthcare, engineering, manufacturing and distribution. They include:
 - The £17.5 million **Advantage Growth Fund**, launched in February 2003 to invest venture capital in small and medium sized companies in the West Midlands. Managed by **Midven Limited**, its investors include Barclays Bank, the Royal Bank of Scotland, HSBC, the European Investment Fund, local universities and the Department for Business, Innovation and Skills.
 - The £10m **Rainbow Seed Fund** is a national early stage technology fund which was established in 2002 with funding from the Office of Science and Technology to commercialise scientific research in a leading group of the UK publicly funded institutions. The Fund invests at the earliest stages of a technology’s development, and helps to turn an idea into a business by actively identifying and supporting experienced management and facilitating additional co-investment. The Fund, which is independently managed by Midven Ltd, made its first investment in 2002, and currently



has a portfolio of 22 companies with one exit and has helped its portfolio to raise over £60m from other investors. .



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