

# THE UPPER TAMPERE REGION CAPITAL INVESTMENT FUND



## A regional capital investment fund

Midinvest Fund YPY I Ltd is a regional capital investment fund operating in the Upper Tampere and Keuruu sub-regions, with 3 million euros of capital available for investment. The Fund mainly focuses on providing small and medium-sized enterprises with financing during start-up, expansion and ownership restructuring.

The Fund has invested in companies such as A-Lab Ltd, a Keuruu-based manufacturer of agricultural control and measurement systems, and Inka Ltd, a well-established industrial lifting and strapping products manufacturer with long traditions in Virrat. The following organizations have invested capital in the Fund: Finnish Industry Investment Ltd, Towns of Mänttä, Virrat and Keuruu, Municipalities of Ruovesi, Vilppula and Längelmäki, Keuruun Osuuspankki (Keuruu Cooperative Bank), Mäntän Seudun Osuuspankki (Mänttä District Cooperative Bank), Virtain Osuuspankki (Virrat Cooperative Bank), Ruoveden Osuuspankki (Ruovesi Cooperative Bank) and Haapamäen Seudun Osuuspankki (Haapamäki District Cooperative Bank).

## Venture capital investment activities

A capital investor is interested in companies with the potential to develop rapidly and to generate increased value for their owners. The regional capital investment fund for the Upper Tampere Region has not limited investments to any specific lines of business, nor to companies in specific phases of development. The Fund expects companies to be strongly entrepreneur-driven, while entrepreneurs must also have a powerful desire to develop their business. Entrepreneurs need to possess professional skills and competence both in their own product area and in business management. The company must have considerable potential for growth, which often calls for internationalization or access to export markets.

## Prerequisites of capital investment

- good potential to generate increased value
- extensive or highly expansive market areas
- growth-oriented entrepreneurs committed to the project
- competence and experience of entrepreneurs/management
- economic conditions for success
- technology products that are difficult to copy
- the first potential customer firmly in view in early-stage projects
- a common initial exit strategy
- a flexible attitude towards business restructuring operations that increase the company's value
- the company operates within the Fund's target region or has a point of contact with companies based in the region

## The capital investor offers

- funds required for business growth
- strong commitment to business development
- participation in board activities
- participation in strategic management
- support for executive management
- a national and international network of contacts
- industrial expertise
- business restructuring and financing expertise
- increasing credibility vis-à-vis stakeholders
- support for the business when moving to the next stage of development and capital structure planning as required for growth

## Forms of capital investment

A capital investor makes equity capital investments. Contrary to debt financing, there is no collateral security on the investment, which means that the capital investor takes on a considerable risk. Investments are usually made in the form of share capital, a convertible or subordinated loan or combinations of these. A capital investor is not a permanent shareholder in the target companies, but aims to exit from the investment target within 2 to 8 years, either by selling shares or when the company goes public. At this stage, the increase in value of the business is realized.

## General characteristics

- amounts of investment between EUR 35,000 and EUR 1,500,000
- a typical investment varies between EUR 100,000 and EUR 500,000
- flexible minor investments between EUR 35,000 and EUR 65,000
- investments usually lead to minority holdings
- syndication with high-quality cooperation partners
- period of investment from 1 to 8 years

## West Finland Growth Triangle Ltd

West Finland Growth Triangle Ltd is a company supporting business and industry, owned by the local authorities within the Upper Tampere and Keuruu sub-regions, local financial institutions and development companies. The company directs equity capital funding and business expertise towards growing enterprises and is also capable of making use of direct international financing channels within the European Union. West Finland Growth Triangle Ltd is also an investor in the regional capital investment fund, Midinvest Fund YPY I Ltd. The Fund focuses on providing small and medium-sized enterprises with finance during start-up, expansion and ownership restructuring. The Fund's policy is to commit to the development and financing of target companies for longer periods of time than usual.

## Midinvest Management Ltd

Midinvest Management Ltd is a venture capital company which manages seven venture capital funds. Investment capital held by the funds amounts to 42 million euros. The company was established in 2001 and has offices in Jyväskylä, Lahti and Seinäjoki. Midinvest Management Ltd is a partner-driven company which uses the funds it controls to make equity capital investments in growing companies with development potential. Midinvest has a highly skilled team with business management backgrounds and solid experience in SME restructuring and early- and growth-stage capital investment.



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