



MRCF IIF MEDIA RELEASE

\$40M FUND OPENS DOORS FOR MORE MEDICAL 'FIRSTS' FROM AUSTRALIA

15 November 2010, Australia: The potential for Australia's renowned medical research sector to develop and produce more lifesaving drugs, devices and diagnostic procedures has received a major shot in the arm, with the announcement of a A\$40 million investment collaboration between the Australian Government and the Medical Research Commercialisation Fund (MRCF).

The investment represents the Australian Government's first formal endorsement of the MRCF, which links 29 of the country's leading medical research institutes and hospitals with two major superannuation funds, four State governments and now the Australian Government, to collaboratively drive promising medical innovations through the difficult early stages of commercialisation.

Under the latest funding, the Australian Government has committed \$20 million to the MRCF under its Innovation Investment Fund program, with a similar sum pledged by the Fund's principal founding investors, Statewide Superannuation and Westscheme.

The new MRCF IIF fund will provide vital 'seed funding' to new companies set up to commercialise innovations from its member institutes, together with additional funding for several more advanced projects that have been supported by the MRCF since 2008.

Two of these – a data logging device for monitoring the progress and treatment of Parkinson's Disease, and a heart catheter that isolates the contrast agents used in routine cardiac imaging, stopping them from reaching the kidney where they are toxic – are likely to reach the market as early as next year.

"This funding is a tremendous boost for the MRCF collaboration and ensures that we can continue to support the pioneering work of Australia's medical researchers while reaping significant rewards for our research Members, our investors and the health of the world at large," said Dr Chris Nave, Principal Executive of the MRCF.

"Although our medical research institutes are highly regarded internationally for their infrastructure and expertise, there have been no early-stage investment funds dedicated to helping these medical research institutes or research hospitals translate medical discoveries from the laboratory bench to the bedside. The goal of the MRCF is to fill this glaring gap in biomedical start-up and early commercialisation funding."

The MRCF has a uniquely collaborative structure, through which each partner commits its specific expertise to the process of identifying and securing funding for the most promising innovations within Australia's life science industry. The 29 member institutes – which include two State health departments – provide the Fund's investors with an exclusive 'first right of review' of all their investment opportunities, while the investors provide a dedicated source of investment capital to develop those that show the greatest promise.

Experienced representatives from each institute undertake a 'peer review' of nominated projects through an Investment Review Committee, which then passes the most promising opportunities to the Fund's manager, Brandon Capital Partners, to complete full due diligence investigations.

Such is the rigour of the process that, of approximately 150 projects proposed to the MRCF, 56 have made it to the Investment Review Committee, with so far only eight being approved for funding. Two further investments are expected to be finalised before the end of this year.

MRCF Trustee Board Chairman, former Victorian Treasurer Hon. Alan Stockdale, said the latest funding would not only help the Fund drive approved projects closer to commercialisation, but would make the Fund more appealing to other investors interested in the fertile opportunities presented by Australia's world-class medical research sector.

"This is a clear endorsement of both the calibre of the partners in the MRCF collaboration and the unique 'win-win' structure of our investment model and we hope this will be a catalyst for raising further investment capital in the future," Mr Stockdale said.

As well as direct early-stage funding, the MRCF provides promising medical innovations with synergistic support from other medical institutes and State authorities, and the financial management expertise to make them more attractive to commercial partners or conventional sources of later-stage investment capital.

"By bridging the early gap in funding – what is often referred to as the 'valley of death' – these high potential innovations have a much greater chance of reaching the stage where they can be taken up by a commercial partner such as a pharmaceutical company or a medical device manufacturer," explained Dr Nave.

"In this way, the MRCF provides a vital platform to help ensure that Australia translates its renowned medical research into substantial future benefits, creating jobs, generating income and building medical expertise along the way.

"The MRCF also addresses a number of anomalies that exist in traditional venture capital, where everything revolves around a central fund, with the fund manager acting as 'stock picker'. Ours is an entirely different structure that focuses on the core strengths of each stakeholder, working together towards a common good."

The first fruits of that common good are likely to be realised within the next 12 months, with the anticipated release of two products that have received MRCF funding through the early stages of development and clinical trials. The first is a 'wristwatch' data logging device developed by Global Kinetics Corporation, which records movements associated with Parkinson's Disease to assist doctors in monitoring patients' progress and the efficacy of drug treatments. The second is a unique heart catheter system developed by Osprey Medical Inc, which has shown significant success in preventing contrast agents used in cardiac interventions from reaching the kidneys, where they can be highly toxic.

The MRCF Collaboration is underpinned with vital support from the State governments of Victoria, New South Wales, Western Australia and Queensland. The MRCF Trustee Board and Brandon Capital Partners would like to thank these governments together with the portfolio companies and member institutes for their continuing support of the Collaboration's work.

Contact:

Dr Chris Nave (Principal Executive – MRCF)
03 9657 0700
info@brandoncapital.com.au
www.mrcf.com.au

Rudi Michelson
Monsoon Communications
03 9620 3333
rudim@monsoon.com.au