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ANALYSING TAX SHELTERS SINCE 1985

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EIS Review

Deepbridge Life Sciences SEIS

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	The Offer is an opportunity to invest in a discretionary managed portfolio service (the Service). Sapia Partners LLP (Sapia or the Manager) will manage the Service. Deepbridge Advisers Ltd (Deepbridge or the adviser) will advise Sapia on which companies to select. The Service will seed unquoted, SEIS qualifying companies that are developing an aspect of disruptive technology or pioneering a scientific break through within the sector of life sciences. These products have potential to either displace an incumbent or develop a new market, for which there is a clear and defined market demand. All portfolio companies are in receipt of EIS advance assurance from HMRC. The Service aims to achieve high growth for commensurate risk. Minimum investor subscription is £10,000. The Service is looking to raise £1,500,000 to seed ten companies at £150,000 each.

Risk Warning for EIS and Seed EIS Schemes

Individuals should always read and bear in mind the risk warning notices that are included within providers' investment offer literature/documentation, including prospectuses, information memorandums, securities notes, brochures and other related marketing literature. While the following list may not be exhaustive, some of the main risks to be aware of include:

- Investments are in small, unquoted companies and should be considered as high risk
- Investments are illiquid and generally need to be held for at least three years before any tax benefit can be claimed
- An EIS/Seed EIS investment should be viewed as a long-term investment
- Legislation, along with the nature and level of tax reliefs is subject to change. There can be no certainty that investments will be eligible or remain eligible for EIS/Seed EIS Relief
- Historic investment performance cannot be used as a guide to future performance, and the value of any given investment may rise or fall
- Many EIS/Seed EIS Schemes involve investment in a single company or sector and therefore should only be considered as a small part of an overall portfolio
- Investors may not have independent representation on the Boards of investee companies which can mean their interests are not adequately considered relative to those of the executive team
- EIS/Seed EIS investments should only be undertaken by sophisticated investors who not only understand, but have also given careful consideration to the underlying investment strategy and associated risks. For help in determining potential investment suitability, professional advice should be sought
- Investors will usually not be eligible for compensation if things go wrong.

Conclusion

Deepbridge's new SEIS offer was originated as a response to the government initiative of 2011, "Strategy for UK Life Sciences", which recognised the potential and importance of the burgeoning sectors of life sciences on the UK economy. The manifesto pledged £1bn of investment into UK science/medical advances that promise to radically change the quality of health care through medical equipment to pathology, mainly through grants to companies developing life science intellectual property (IP). Deepbridge, which is underpinned by professionals with proven expertise in the commercialisation of life science technologies, will provide these companies with private funding under the SEIS to complement potential government funding. Such companies should promise exciting returns with SEIS benefits to mitigate risk; conservative forecasts should be based on a sixth year potential exit valuation of 250p per 100p share. Senior members of the Deepbridge team, namely Professor Chris Wood and Hugh Griffith, have been involved in highly successful life sciences investments in which investors received between 5% and 24% IRR, dependent upon when they invested: such outcomes offer, in the Manager's opinion, an example of how strong returns can be in the life sciences sector. Investors should no te that such high potential returns is indicative of the high accompanying risk.

Deepbridge was founded in 2010 by Ian Warwick, following a successful career representing investors interests in a number of technology companies, including the NASDAQ-listed MAM Software Inc. Mr Warwick has populated his partnership board and investment committee with eminent scientists and captains of industry: Sir Richard Sykes, former chairman of GlaxoSmithKline, leads the Deepbridge Advisory Board; Professor Chris Woods, entrepreneur and former lecturer on surgery is an active partner, as is Rick Parry, the former CEO of Liverpool FC. Dr Bob Bauer, erstwhile Chief Technology Officer for Xerox is a partnership board member; a team of experts has been assembled to execute and monitor the deals across the sectors of technology and renewable energy in which Deepbridge is involved in raising venture capital. The team's reputation in running listed and unlisted technology companies makes them, in our opinion, well-qualified business mentors to operate in EIS, BPR and the seeding of early stage companies. In short, the Deepbridge team appears a good balance of business, commerce, investment and finance skills, bringing cross-sector expertise in technology and private equity. Senior partners personally invest in each deal, on equal terms alongside their investors. Deepbridge has demonstrated a commitment to becoming a leader in tax-efficient investments. From a start-up five years ago, it has increased its product range and boosted its staff year on year, funded by operating cash, with no borrowings, we understand.

Deepbridge does not levy any manager fees to the investors: such fees are borne by the investee companies. And Deepbridge's bonus structure is triggered when investors receive back 150p per 100p share, which is one of the highest we have seen in SEIS (or EIS for that matter). Moreover, the 80%/20% split thereafter in favour of investors is one of the most equitable.

Investors must understand that investment in young, tech/science-driven unquoted companies represents high risk, and exit opportunities may take several years. It may be difficult to gauge a portfolio company's prospects at this early stage in its development, although equity participation at this phase of fund-raising should be at relatively low valuations, because there is a lack of funds and backers. While Deepbridge will seek to diversify the portfolio by investing in ten different companies, those companies being in sectors somewhat related, may in practice have a degree of positive correlation that might be hard to gauge at the outset. Regarding exits, timing may well depend on economic drivers outside the manager's control, such as the health of the IPO market, which creates a route to market for unquoted companies.

In summary, the opportunity stands out for the quality of its advisory board, the team's pertinent experience in understanding life science companies, its ability to help fledgling companies with business consulting, and a strong alignment of interests of Deepbridge and its investors. Robust governance is afforded by the Supervisory Investment Committee, headed by Sir Richard Sykes, as described above. As a caveat, investors need to be aware that the investments are in a particularly high-risk sector, albeit mitigated by SEIS benefits, and that they should, therefore, have a long-term investment time horizon.

Description

Overview

Under a discretionary management contract run by Sapia Partners LLP (Sapia), Deepbridge, the investment adviser to the offer, will aim to seed ten opportunities developing products or services within the sector of life sciences, which is a broad spectrum. The ten companies will be SEIS-qualifying and, it is envisaged, will develop to the point of at least successful Phase 1 trials ten separate, individual intellectual properties (IP), which they will seek to sell to a third party by the sixth year of trading. The Manager will look to invest up to circa £150,000 in each portfolio company.

The products and services being developed are regarded as disruptive, in that they seek to either displace incumbent technologies in developed markets and/or to develop new markets for proven end-user demand.

The ten portfolio companies will be operating within the following sectors:

- Biopharmaceuticals
- Biotechnology
- Medical Technology.

Deepbridge aims to provide a diversified approach to portfolio exposure where possible. Diversification will be sought and achieved to various degrees depending on the status of the investee companies under the auspice of the discretionary contract; each investor will have a weighted exposure (based on funds subscribed) to the sectors of investment, pro rata, subject to deployment capacity available for each portfolio company. The Supervisory Investment Committee will ensure through periodic review that the Service maintains its diversification mandate.

Investment Process

On completion of detailed due diligence, Deepbridge submits a proposal for investment into a portfolio company to the Deepbridge Supervisory Investment Committee. The Manager then ratifies and actions the proposals.

Post-deployment, Deepbridge will provide the following services:

- A range of advisory services to the Manager on an ad-hoc and scheduled basis,
- Recommendation of Investee Companies for inclusion in the SEIS portfolio
- A member of its investment team to sit on the Investee Company board
- Hands-on business advisory engagement and consulting.

The Service is seeking to provide an exit price for shareholders of 250p for every 100p share within the sixth year of investment, which would represent a notional 34% IRR per annum (investors should be aware that both the timing and exit price are highly conjectural and unlikely to be predictable at an early stage).

Deepbridge Advisors Limited Services

Deepbridge is made up of a group of professionals with long and successful individual careers in disparate offshoots of technology, finance and commerce. There are six senior partners. As a group, they act collegially with limited hierarchy. There are around 25 members of staff (most full time, some with external business interests, which Deepbridge believes enhances their ability to support the investee companies through maintaining external business contacts). Support staff is strong, including a designated person with sole responsibility to source, filter and prepare opportunities for the advisory committee. Administrative functions, such as custody, are outsourced. The core team works together daily either from or reporting into the Chester office. Larger offices have been leased at the time of writing this review, four key personnel have been hired in the last twelve months, and in-house systems have been boosted. In the last two years, notably Deepbridge has hired a full time CFO, Gareth Groome. Mr Groome is building a financial team beneath him. Deepbridge has also notably boosted its client-servicing department, employing a team of five client-facing business developers to augment service and strengthen fundraising capabilities.

Deepbridge will help the companies to secure additional financing from regional development funds (it understands the application process and has good contacts to advise). Such funding is non-dilutive, matched-funding (the development funds pledge £1 for every £1 raised from private entities) on identical terms). Research grants will also be applied for, which represents non-recourse finance.

Deepbridge will add further value to Investee Companies by taking a seat on the boards and using an industry network to access advice and commercial support to the business. Deepbridge may co-invest alongside investors.

The portfolio companies, given their early stage of development, are likely to need business management consulting, where Deepbridge, within reasonable parameters, can add value. Its hands-on and engaged approach to helping portfolio companies, such as appointing a member of the Deepbridge team to the portfolio company board, should materially assist the portfolio companies to progress. At the same time, Deepbridge can check if the portfolio companies have followed an agreed commercialisation plan, can monitor how funds are employed, how the business progresses, and promptly identify problems. With a full or non-exec position on the boards, Deepbridge will offer its business acumen and experience free of charge. Similarly, it will make open to the board of the portfolio companies its strong connections and contacts. Having a former CEO with experience of floating a company on NASDAQ should help the portfolio companies to win clients and to ultimately find an exit route for investors. Deepbridge has helped the boards of portfolio companies to build marketing, pricing, customer service and distribution strategies to gain scalability for their respective products.

Deepbridge provides portfolio companies with business mentoring, management advice and board guidance through the appointment of suitably qualified non-executive directors, as well as providing day-to-day operational support, such as accounting or secretarial. Many of these services can be shared across the portfolio companies, potentially enabling a degree of economies of scale. Deepbridge will help the companies to gain clients and steady their revenues.

Deepbridge's partners have private equity/business consulting experience that, Deepbridge believes, can be leveraged by portfolio companies. The following are three examples of where individuals helped companies boost their valuations, we understand:

- Chris Wood/Hugh Griffith -

  Bioenvision Inc. was a biotechnology start-up with the mission of developing new treatments for cancer. Bioenvision developed two lead compounds to market, raised significant capital from institutional investors to fund its development, and was ultimately sold to Genzyme Corporation (Nasdaq: GENZ) for $345 million in seven years from founding. Professor Chris Wood and Hugh Griffith were the driving forces behind this company. During the time that the senior members of the Deepbridge Life Sciences team managed this business, the IRR range (dependent upon timing of investment) was between 5.0x and 24.4x.

- Ian Warwick -

  MAM Software Group Inc., is a provider of business management systems and e-commerce solutions to the US automotive aftermarket. The founding member of the DBC team (Ian Warwick) took a hands-on role to turn round and relist this business on the OTCBB. This was achieved through eliminating operational burdens by restructuring the capital structure of the business, recasting the management team, divesting/shuttering unproductive products, rebranding the organisation, and generally enabling focus on the valuable product lines in a concerted manner across all divisions and geographies. MAM Software Group now has a market capitalisation of $70 million. This is an example of a company where the value was unlocked through the integrated involvement of a new management team.

- Dr. Bob Bauer -

  Dr Bob Bauer has personally been involved, and in most cases has led the executive team in a number of successful spin-outs from the Palo Alto Research Centre, these include;

  - Content Guard (a Digital Rights Management venture bought jointly by Microsoft, Time-Warner and Thomson in 2005)
  - Placeware (bought by Microsoft, becoming Office LiveMeeting, in 2003 for a reported $200 Million)
  - Spectra Diode Labs (purchased by JDS Uniphase in 2000 for $41 Billion).

Portfolio Companies/Life Sciences

As mentioned, in December 2011 the government published the "Strategy for UK Life Sciences", which it described in its manifesto as "a bold vision to strengthen the health life sciences sector of the UK economy based on closer collaboration between academia, the NHS and industry". The policy introduced a range of measures across the UK healthcare ecosystem with the aim to "reduce barriers and improve incentives for the quicker development and adoption of healthcare innovation in the UK". To improve relationships between academia, industry and the NHS, the government pledged investment of £1bn per annum through the National Institute for Health Research.

Life Sciences can be broken down into three main sub headers, with their various sectors:

Biopharmaceuticals

- Drug development
- Drug delivery systems
- Drug discovery enabling technologies
- New screening technologies.

Biotechnology

- Genomics and Proteomics
- Bioinformatics
- Tissue engineering

Medical Technology

- Medical Instrumentation
- Implantable devices
- Disposable component-based devices
- Other technologies that offer significant clinical benefits and major enhancement on existing technologies

Companies developing IP in life sciences, in conjunction with the manifesto, will attract government grant and match funding, to exploit low operational overheads, and the aggregate potential to generate strong tax-free returns. It is these companies that are eligible for grants that Deepbridge will aim to provide matching private SEIS funding. (Grants are not a pre-condition of investment, however.)

Each portfolio company will possess strong IP, will have scalability, and should need relatively modest capital investment to take this IP through to Phase 1 trials if not further.

Deepbridge's pre-requisites for choosing companies, regardless of their sector, include the following:

- Valuations must be viable even after a strong discount factor has been applied (to protect against over optimism by the portfolio company boards).
- The board of the portfolio companies must have "skin in the game", i.e. they must have a made a personal financial commitment in the companies in which they manage
- Exits forecasts must reflect a viable risk/reward profile. In the case of SEIS, Deepbridge expects a forecast of four to five times initial stake after five years.
- Underlying products and services should have cross-market selling opportunities, rather than being restricted to niche markets.

Due Diligence Process

The Deepbridge Life Sciences Team possesses an established network of academic and industrial research agencies, with links to universities, medical schools, research institutions, and other incubators. Deepbridge expects access to ample investment opportunities in, what is regarded as, an exciting growth area: Deepbridge intends to invest in opportunities that can show proof of concept for their technology or product.

A robust due diligence process is applied to each investee opportunity and, where appropriate, Deepbridge (as Investment Adviser) engages professional counterparties to assist with specific due diligence reviews on a prospective investment: for instance, patent evaluation of a nascent medical technology. This is combined with detailed analysis carried out by the Life Sciences Team and set out in an Investment Proposal.

Final investment decisions are taken by the Investment Supervisory Committee of Deepbridge which includes non-executive members and draws upon extensive sector and business experience.

Investments are structured to secure investor protections and Deepbridge will appoint a board member in order to be actively involved in the Investee Company's development and to monitor progress.

It is envisaged that each subscription will be deployed across each portfolio company on a diversified basis. The Deepbridge Life Sciences Team places great emphasis on portfolio construction, with the objective to reduce risk and optimise returns. This aims to ensure that the portfolio of Investee Companies is balanced and can better withstand changes in markets and the global economy. Investor subscriptions will be deployed across a portfolio of up to ten companies, the proportion of which will be determined at the discretion of the Deepbridge team.

Each company will be incorporated by the Deepbridge Life Sciences Team to own the identified technology and to provide a corporate structure in which the technology will be developed from post-concept toward commercialisation.

The Adviser has developed an Outcome-driven Methodology in which it pursues a four-step company engagement and management process as follows:

1. Evaluation
2. Action
3. Execution
4. Outcome.

1. Evaluation Phase

At the outset, the Adviser seeks to identify technological innovation that is proven and tested, but as yet is deemed under-commercialised, to which it will apply a proof of relevance test to establish its on going commercial viability. Investee Companies with the following are likely to receive validation for funding:

- A unique solution to a current demand problem
- A disruptive product that has the potential to unseat or usurp an existing supplier
- Visibility of earnings, or be within two years of being revenue generating
- A defensible market position with robust intellectual property
- Funds must be for commercialisation and not product development
- An order book of clients of high credit worthiness
- Visible and resilient barriers to entry
- Management which is experienced, stable, and whose interests are aligned with shareholders'
- Potential for exit within three to four years.

2. Action Phase

Once the Investee Company passes the commercial validation test, the Adviser will draw up a detailed business plan and models showing how the Investee Company can achieve its objectives.

3. Execution Phase

The execution phase is, as it suggests, the moment when the business plan is executed. During this phase, the Adviser will take an engaged, iterative approach with the Investee Company, appraising the progress of its commercialisation against the defined and agreed business plan, with the target of a successful outcome for the investors.

4. Outcome

The Adviser will seek to exit the Investee Company, ideally, no later than four years after initial investment. The Deepbridge team will invest alongside the investors on a deal-by-deal basis, on the same terms as investors, up to a maximum 10% of the funding required. The Adviser has sought additional non-EIS funding (see AlgaeCytes), to share the risk with EIS participants, providing a bigger source of working capital to sustain the companies, and thereby to mitigate risk where possible.

The range of potential opportunities in life sciences is by its nature very broad:, the sectoral focus of the Deepbridge Life Sciences SEIS covers biopharmaceuticals, biotechnology and medical technology. The implementation of the Outcome-Driven Methodology will be tailored to the investee opportunity, as understood by the Deepbridge Life

Sciences Team. Whilst Deepbridge will focus upon seeking a "compelling return profile" for investors, it is understood that full commercialisation may be undertaken by a subsequent owner of the IP.

Supervisory Investment Committee

This Supervisory Investment Committee (the Committee) meets bi-monthly to ensure oversight and governance requirements are met as agreed by the Adviser.

The Committee provides independent governance, advice, and guidance to the Adviser. It acts as adviser, source of information and governance of policies for the Deepbridge team in the execution of its investment mandate. The Committee is comprised of three members, two of whom are independent of the executive management of the Investment Adviser.

The Committee is responsible for:

- Asset allocation and intended diversification of the Service
- Monitoring of the on going performance of the Service
- Execution of the respective business plans of portfolio companies by the Adviser
- Attainment of targeted returns of the assets of the Service.

The Committee has responsibility for:

- Monitoring the methodology and rationale behind all deals that are executed and asset allocation decisions that are taken by Deepbridge
- Monitoring the costs of investment management and advice to ensure that they are reasonable
- Receiving and critically appraising the regular investment reports from the Investment Adviser
- Monitoring the compliance of Deepbridge with legislation and regulations affecting the SEIS's investment activities (this complements the activity already undertaken by Sapia Partners LLP, as FCA regulated manager)
- Overseeing internal processes of Deepbridge relating to investment recommendations and transactions, including the documentation required to be completed and records to be maintained.

Given that one of the principal risks to young companies is running short of working capital, Deepbridge will seek to safeguard portfolio companies' liquidity. Advance warning of cash issues is carefully watched. The Deepbridge team will identify and invites multiple fundraisers to provide sources of long term financing beyond SEIS if required, perhaps by EIS.

Intended Exit

A primary consideration of investment deployment is the route, timing and commercial potential for exit, after the minimum holding period of three years has expired. The expected exit route for the venture capital investments is via a trade buyer (potentially to a trade partner or peer company), a flotation or a liquidation of assets. Given the acquisitive nature of the life sciences sector, where larger players look to collect intellectual property rights to defend or extend their market position, a potential sale to a rival player would be realistic.

Deepbridge actively promotes its portfolio companies to participate in development and distribution partnerships with large multi-national companies: this is hoped to result in a trade sale to an identified counter-party. Deepbridge's strong connections and experience of working with North American leading technology companies (Ian Warwick ran MAM Software in America and Bob Bauer is based in New York) are expected to be of strong benefit to the Investee Companies' boards.

Deal Flow

Deepbridge believes that the lack of funding in recent years from traditional sources of expansion and capital for the development of life sciences companies, coupled with the demand for new drug opportunities from big biopharma seeking to address the growth of generic competition in the face of patent expiry, has created an urgent need to attract private investors to assist emergent life sciences companies to bring new therapies, new drugs and new technologies to the market. Given that Deepbridge intends to invest in only ten portfolio companies in this tax year, expected deal flow through the well-connected team members should be ample in our opinion.

Regarding its pipeline, Deepbridge has hired a full time professional to deal with new proposals, Tony Lyons, and to produce a short list of viable opportunities that merit due diligence being undertaken. The appointment is commendable and adds valuable structure to the selection process.

The Service appears to have ample opportunities and we expect deployment of funds to be steady in line with fund raising targets (Deepbridge has identified several portfolio companies for immediate deployment, with more at various stages of due diligence, we understand). There are thousands of attractive life science concepts in the UK, we understand. Deepbridge will source the ones it believes best meet its criteria and incorporate an SPV around them. Usually the originator of the IP will keep 10% of the equity for passing to the SPV the rights to the concept.

Key Parties

Sapia Partners LLP - The Manager

Sapia Partners LLP provides appointed representative status to the Adviser, Deepbridge Advisers Ltd. Sapia offers global investment management services across various asset classes from global equities, commodities, fixed income and distressed securities.

Gerhard Grueter - Director

Gerhard is a former partner of Ironshield Capital, a $500m distressed debt fund, and was a senior credit analyst at MKM Longboat, a $3bn fund. Previously, Gerhard worked in investment banking at Merrill Lynch, advising clients on M&A, corporate finance and capital markets transactions. He holds a BA in business administration and an MBA from Cornell University and is a CFA Charter holder.

Jurgen Gebhard

Prior to Sapia, Jürgen was a director of Excellion Capital, involved in private equity and leveraged finance. He was a "principal investor" with Babson Capital, a large fixed income investment firm. Prior to this, Jürgen was with the KPMG Strategy Group and with Allweiler AG / Colfax Corp. in Germany. Jürgen graduated in Business Administration, and has an MBA from Cornell University in Ithaca, New York.

Deepbridge Advisers Limited

Deepbridge Advisers Ltd is a wholly-owned subsidiary of Deepbridge Capital LLP, and is an appointed representative of Sapia Partners LLP: as such Deepbridge Advisers Ltd is the route for retail investor participation. Deepbridge Capital LLP is directly authorised by the Financial Conduct Authority, and has permissions covering elective professional clients.

Founded in 2010, Deepbridge Capital is the parent company of Deepbridge Advisers Ltd. Both Deepbridge Capital and Deepbridge leverage over 200 cumulative years of team experience and expertise across multiple industries.

On the success of Deepbridge Capital LLP's provision of bespoke offerings to elective professional clients, Deepbridge Advisers Limited was established in July 2013 to offer investment products to retail clients via financial intermediaries. Deepbridge Advisers Limited currently provides 3 primary products:

- The Deepbridge Technology Growth EIS
- The Deepbridge Life Sciences SEIS
- The Deepbridge IHT Service

The following is a summary of its funds under management:

Deepbridge Hydro EIS	£9.4m
Deepbridge Renewable Energy EIS	£9.6m
Deepbridge Technology Growth EIS	£6m
Deepbridge IHT Bespoke Companies	£23.6m
Total Funds under management	£48.2m

The majority of investments sit at cost.

Ian Warwick – Managing Director and Co-founder

Ian is the managing partner and founder of Deepbridge Capital LLP. For the four years previously, he was chairman and president of Aftersoft Group Inc. (now MAM Software Group Inc.), which is listed on Nasdaq. For the two years before, he was CEO of Broaden Software Inc, after seven years as a director of Corspan Inc. Ian had an earlier career in the Royal Navy, specialising in communications.

Kieran O'Gorman, Director

Kieran joined Deepbridge in March 2011 and is key product technician. From 2005 to 2012, he worked for SL Investment Management in institutional and corporate sales, and business development. For the previous seven and a half years, he was a private client stockbroker working for PH Pope & Son, SP Bell, and then Phillips Securities.

Kieran is a Fellow of the Chartered Institute of Securities & Investment, and graduated from Staffordshire University in Business and Financial economics.

Professor Chris Wood–Partner of Deepbridge Capital LLP

In 2008, Chris co-founded Nucana Biomed, NavionPharma, and Smart Targeting, which he subsequently chaired. These three companies operate in the development and commercialisation of med tech, bio-tech or pharmaceutical related products. From 1997 to 2007, Chris chaired Bioenvision, which he also co-founded. Bioenvision developed new agents clofarabine and trilostane. From 1995 to 1997, Chris ran Eurobiotech Group. From 1979 to 1992, Chris was a senior lecturer in surgery at the Royal Postgraduate Medical School, London and consultant surgeon at Hammersmith Hospital, London. Chris is a fellow of the Royal College of Physicians & Surgeons of Edinburgh.

Gareth Groome, Director

Gareth is a member of the Institute of Chartered Accountants in England and Wales. He joined Deepbridge Capital Limited in 2013. Prior he was the financial director of SL Investment Management for 16 years. For six years he was a director of Prorendita, after qualifying as an accountant with Saffery Champness.

Dr Robert S. Bauer– Partnership Board Member

Bob has held a number of board positions in a forty-year career. Most recently, from 2009, he has been executive director for Willow Garage and Chief Technology Officer H5 Inc since 2006. Previously, he was an advisory board member for Primal Inc. for two years and a technology adviser to EyeMedia and VeraCarta. Previously, he was on the board of advisers with GTI Group for three years, during a period (2004 to 2009) when he was also on the advisory council of eBusiness Research Centre of Penn State University and Rensselaer Polytechnic Institute - Lally School of Management. From 1970 to 2002, Bob had a long, successful career at Xerox, culminating in the position of Chief Technology Officer.

Hugh Griffith - Partnership Board Member

Hugh co-founded Nucana Biomed in 2008 as a biopharmaceutical company to commercialise oncology medicines. He is also the CEO of Alida Capital International, which he co-founded in 2009; Alida is a syndicate of business angels, which aim to provide biopharmaceutical companies with capital and management expertise. From 2002 to 2007, Hugh was CEO of Bioenvision, a biopharmaceutical company primarily focused on cancer therapeutics. Prior to that, for five years, Hugh held a number of business development roles for Abbott Laboratories, having joined from Parke-Davis/Warner Lambert where he began his career as a medical rep. Hugh graduated in Biology from Stirling University and has a Masters in Business Administration from Cardiff Business School.

Matthias Mueller – Partnership Board Member

Matthias has worked for Hewlett Packard from 1997, having joined as a graduate. From 2003, Matthias has been the Semiconductor Operations IT Director for Hewlett Packard’s Inkjet Technology Development Organisation, having been promoted from site IT Manager, a post he held for the previous four years. Matthias has a Masters in Mechanical Engineering from the Technical University, Munich and a diploma in Computer Science from Trinity College, Dublin

Nagy Habib

Nagy Habib is Professor of Hepatobiliary Surgery, at the Department of Cancer Surgery, at Imperial College London. With principal research activities focusing on the improvement of surgical technologies, Nagy has also been instrumental in the development of remediation and/or cure of diseases of the liver as either a complement or replacement to surgery with particular focus on gene therapy, the use of stem cells and immunotherapy. Nagy has also pioneered novel clinical trials for the treatment of liver cancer. Nagy has extensively published on a wide range of related topics, and is the inventor of, and co-author of the first publication about the use for, radiofrequency in devices used in liver surgery. Awarded by the Advisory Committee for Clinical Excellence, which is given in recognition of exceptional contributions from NHS consultants, Nagy has been named as one of Britain’s top surgeons by the Saturday Times Magazine in 2011.

Supervisory Investment Committee

Sir Richard Sykes—Committee Chairman

Since 2010, Sir Richard has chaired the Council of The Royal Institution of Great Britain, and the UK Stem Cell Foundation. He holds or has held numerous board positions. A non-exec for Lonza AG, he is an advisory member of

Siemens Holdings plc and Virgin Group. From 2008 to 2010, he was senior independent director, non-executive deputy chairman and chairman of the Remuneration Committee of ENRC. From 2008 to 2010, he was the chairman of NHS London. Prior, Sir Richard was the senior independent director of Rio Tinto plc from 1997 to 2008. Sir Richard has over 30 years experience in biotechnology and pharmaceuticals, serving as chief executive and chairman of GlaxoWellcome from 1995 to 2000 and then as chairman of GlaxoSmithkline until 2002. He is a Fellow of the Royal Society and Academy of Medical Sciences, and Honorary Fellow of the Royal Academy of Engineering, Royal Society of Chemistry, Royal Pharmaceutical Society, Royal College of Pathologists and Royal College of Physicians. He is President of the R&D Society, a position he has held since July 2002 and is a Fellow of Imperial College London and Imperial College School of Medicine, King's College London, a Fleming Fellow at Lincoln College, Oxford, and an Honorary Fellow of the University of Wales, Cardiff and of the University of Central Lancashire.

Marcus Wohlrab, Committee Member

Marcus has been the chief financial officer for Barclay Technologies Holding AG in Zug, Switzerland since 2010. Previously, for three years, he was an independent board member for MAM Software Group, which supplies ERP supply chain management. Prior, he founded Easting Capital and Clearmond, AG, which was an advisory and investment business providing an analytical and valuation service for corporate credit and interest rates. From 1998 to 2001, Marcus was Vice President for Easdaq, involved in the day to day running of the stock exchange, having joined from NASDAQ International, where he had been responsible for research, analysis and valuation of companies eligible for listing. From 1995 to 1997, he co-founded inWatch/WinVista, which funded software programmers. Prior, he held IT positions with Modatech Systems Europe, UBS and Paine Webber. Marcus graduated in Mathematics and Geology from Exeter University.

Kieran O'Gorman

CV as above

Service & Reporting

Investors/advisers should expect:

- Details on Investee Companies
- Six-monthly updates on the commercialisation progress of Investee Companies
- Around three months after each investment, investors should receive SEIS3 forms to claim tax relief
- Bi-annual valuations
- Opportunities to participate in further funding rounds and syndicate opportunities
- Contact with the Investment Team
- Invites to meet with the senior executive representatives of the Investee Companies.

Financials

Costs		
Charges levied on Investor Subscriptions	Nil	
Charges Levied on Investee Companies		
Initial Fund Raising Fees	5%	For non-advised sales
	2.5%	For advised sales
Annual Management Charge	2%	
Dealing Fee	0.35%	
Custodial Fee	0.5%	
Performance Fee	Capital Distributions to shareholders for each 100p share:	
	0p to 150p	zero
	150p+	20%
Third-party Expenses	The Manager may charge for providing the Investee Companies with external services, charged at market rates	

General Notes on EIS charges

- Miscellaneous fees levied at prevailing rates may vary widely and can significantly dilute the value of the Investee Companies' equity.
- EIS fees, whether applied to subscription or to the Companies, potentially dilute investor equity.
- All fees may be subject to VAT.

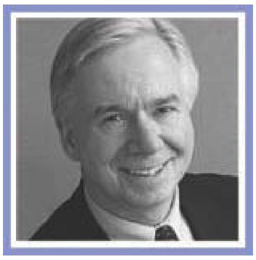
Team

Anthony Yadgaroff

Anthony Yadgaroff is founder and Chairman of Allenbridge Limited, which publishes research through its 'Tax Shelter Report' on VCTs and EISs, Ground Rents, high yielding Property Funds and other investment vehicles through the Yadgaroff Report. Anthony founded Allenbridge Group plc in 1984, the retail division of which was acquired to Close Brothers Asset Management in February 2011. He is chairman of Allenbridge Investment Solutions LLP ("AIS") is a leading UK investment advisory business, consulting to pension funds and charity clients which control some £45 billion of assets. Anthony is also a non-executive director of Anglo-Pacific Group plc, a FTSE All-Share, London-listed company specialising in mining royalties, and serves on the boards of a number of charities and non-profit organisations. He is a member of the Chartered Institute for Securities & Investment.

Alan Saunders

Alan Saunders has had a long career in financial markets in a variety of roles which have given him a broad perspective on investment issues. He has been involved with Allenbridge for some ten years but has a variety of other directorships and consultancies. He started his career as a stockbroker at Simon & Coates, becoming a partner before leaving the City to join Shell as their Chief Economist. He then returned to the City as an investment director at Lazards before joining UBS Private Banking where he was responsible for discretionary and advisory clients. Currently, he is the independent adviser to Dorset CC Pension Fund and an independent trustee of Hays plc and Fujitsu Pension Schemes. Alan is a member of the Oversight Committee of CBRE Global Investors, the UK property fund management company. He is also chairman of the JP Morgan Emerging Markets Investment Trust plc, and a member of the Investment Committee of Lloyds Bank Insurance.



Gareth Robertson

Gareth Robertson has over twenty five years' experience in institutional fund management, with Barclays Bank, M&G and Invesco, and in UK and European corporate stockbroking as a director of Swiss Bank Corporation. He has also carried out management consultancy work for a wide range of clients such as Siemens, Compart-Montedison, Sumitomo Finance International, Man Group and the European Commission, and was group marketing director at a London-listed financial services company for six years before joining Allenbridge in 2007.

Notes

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