



Deepbridge

LIFE SCIENCES EIS

The Deepbridge Life Sciences
Enterprise Investment Scheme

Product Overview

iINNOVATIVE[™]
INVESTING

Funding advances in medical sciences

EIS

WELCOME

We live in unprecedented times, with digitalisation and decoding of the human genome, combined with sufficient computational power, providing a fertile backdrop for medical innovation to aim to solve the biggest health problems facing the world in this century. The global healthcare spend in 2010 was \$6.5trn with increasing population trends, ageing populations in developed nations, improving economic wealth and education levels of emerging markets driving future growth.

Here in the UK, 30% of the population suffers from a chronic condition and the World Health Organisation estimates some \$3.4bn is lost annually from the overall economy as a result of deaths from chronic conditions. The management of chronic disease has been estimated to account for 70-75% of all UK healthcare costs.



With rising costs, overburdened national health systems are looking to improve efficiencies. The growing gap in the supply and demand imbalance necessitates the adoption of new models of healthcare and healthcare IT will play an increasing role in this rapid evolution. It is often SMEs that carry the burden of innovation. They remain a significant link with academia and are more agile to take risks which result in more efficient innovation. Yet, many of these early stage companies face a funding gap with the 'Series A crunch' responsible for the destruction of significant amounts of value. Even the businesses that succeed with Series A funding, the process is often long winded and takes key personnel out of the business for considerable amounts of time. It is our opinion that this funding gap has revealed a compelling opportunity for investors to secure attractive entry terms into such businesses.

We therefore believe now is an advantageous time to invest in emerging medical technology opportunities via the Enterprise Investment Scheme (EIS). Whilst the tax incentives are compelling, investors should also seek to engage an investment team that can not only identify attractive pre-commercialisation investment opportunities, but also actively mentor and assist these opportunities to accelerate their journey towards full commercialisation and in doing so unlock significant shareholder value.

As Head of Life Sciences at Deepbridge, I believe our Enterprise Investment Scheme offers investors the unrivalled expertise of the Deepbridge team and supervisory board, coupled with an opportunity to take advantage of the generous tax incentives offered through the current tax legislation. The opportunity to invest in a range of identified companies through the Deepbridge Life Sciences EIS is both timely and compelling.

Yours faithfully,

A handwritten signature in black ink that reads "S Neophytou". The signature is written in a cursive style and is enclosed within a large, hand-drawn oval shape.

Dr Savvas Neophytou

Partner, Head of Life Sciences

OPPORTUNITY

The Deepbridge Life Sciences EIS is an opportunity to participate in a portfolio of actively-managed growth focused life sciences companies, taking advantage of the potential tax benefits available under the Enterprise Investment Scheme. A diversified portfolio of actively managed growth focused companies seeking commercialisation funding, the Deepbridge EIS invests in life sciences companies that have robust intellectual property and are operating in a high growth market sector.

INVESTMENT STRATEGY

The investment strategy of the Deepbridge Life Sciences EIS is to invest in a diversified portfolio of companies that participate in one of the following:

- Biopharmaceuticals
- Biotechnology
- Medical Technology.

Deepbridge takes an active role (not just a Board seat) to guide, mentor and counsel the investee management team. The provision of hands on operational experience combined with financial expertise aims to mitigate the investment risk borne by the Investor, along with comprehensive due diligence on investee companies.

KEY TAX BENEFITS

Investors can, depending on their individual circumstances, enjoy some or all of the tax benefits available under the Enterprise Investment Scheme. The following is a general summary of the main current tax advantages that may be available to an Investor under the Enterprise Investment Scheme in respect of an investment made in an Investee Company during the tax year.

- **30% UPFRONT INCOME TAX** relief up to a maximum individual investment of £2m per tax year, subject to at least £1m being invested in Knowledge Intensive Companies (pending EU State Aid approval).
- **CAPITAL GAINS TAX** deferral of unlimited gains on the sale of any assets if an EIS investment made within one year before or three years after the date of the disposal of the assets which give rise to a gain.
- No **CAPITAL GAINS TAX** on the disposal of shares which have been held for at least three years in EIS Qualifying Companies.
- 100% **INHERITANCE TAX** exemption after EIS qualifying investment has been held for at least two years. Please note that HMRC will only assess whether your investment is Business Relief qualifying, and therefore eligible for 100% Inheritance Tax exemption, upon death and not at the time that the investment is made. Therefore, legislation at the time of death will be the basis for assessment for Business Relief eligibility.
- Income tax carry-back relief. Investors can claim income tax relief for the tax year in which they invest in the underlying companies, as well as the year immediately preceding the investment, provided that the investor has not used any of the previous year's allowance. This enables the investor to claim tax relief in the period(s) most advantageous to him/her.
- **LOSS RELIEF** providing total tax relief of up to 61.5% for a 45% tax payer.

The above tax advantages can only be claimed when the investors funds have been deployed into a company, rather than when an investor makes an initial subscription to the Deepbridge Life Sciences EIS. However, as investment monies will be deployed immediately, claims will be affected at the earliest opportunity. There is no limit to the amount of gains that can be deferred for CGT purposes. Please note that the terms of Enterprise Investment Scheme may change and the benefits available today may not be available in the future. The above does not constitute tax advice to any person: it is recommended that investors should seek personal advice from a qualified professional adviser.

Please note: The returns of the Deepbridge Life Sciences EIS are substantially enhanced with EIS tax reliefs, subject to the personal circumstances of each investor. This summary is based upon current UK tax law and practice and is intended as a guide only. Prospective Investors should consult their own professional advisers on the implications of investing in the Ordinary Shares. The summary below does not set out all the rules which must be met during the Deepbridge EIS Three Year Period by the Investee Company and the Investor. The tax treatment depends on the individual circumstance of each Investor and may be subject to change in future. The examples in this section are set out for illustrative purposes only. They are not, and should not be construed as, forecasts or projections of the likely performance of the Fund.

Please note that tax benefits depend on personal circumstances, are not guaranteed, and rely on UK tax legislation which may change in the future.

This is not an exhaustive list of EIS tax rules and is only intended as guidance on EIS. Nothing in this document shall be regarded as constituting tax advice and prospective subscribers should seek advice from a suitably qualified independent adviser before deciding whether or not to make an investment. No reliance should be placed upon the tax content herein.

INVESTMENT DETAILS



MINIMUM INVESTMENT
£10,000



COMPLIANCE STATUS
ALTERNATIVE INVESTMENT FUND



CLIENT TYPE
RETAIL & PROFESSIONAL



HMRC
ADVANCE ASSURANCE*



SECTOR
LIFE SCIENCES



DEPLOYMENT
USUALLY MONTHLY



CLOSING DATE
EVERGREEN



MAXIMUM RAISE
UNCAPPED



TARGET RETURN
170P FOR EVERY 100P INVESTED



TARGET TIMESCALE
A MINIMUM OF 4-5 YEARS

DEEPBRIDGE CHARGES

There are no management charges levied on the investor at the point of investment for advised subscriptions received by a financial adviser, resulting in up to 100% allocation of subscription. This ensures up to 100% tax efficiency for investors. Deepbridge fees are paid by the Investee Companies and are disclosed in the Information Memorandum.

Performance fee: an incentive fee of 20% of cash returned, in excess of 120% of the funds invested. Please see the Information Memorandum for full details.

INVESTMENT CRITERIA

Deepbridge employs strict investment criteria in preparing and reviewing the investment opportunities it sources from its wide dealflow network. Generally, Deepbridge seeks investment opportunities that exhibit the following qualities:

- A focus on life sciences and medical device technology;
- Significant market potential with clear need and market growth;
- Provide a solution to a recognised clinical or healthcare need;
- Innovation-driven products that have the potential to create new market segments or displace current technologies;
- Medical technology businesses with a clear and realistic path to commercialisation;
- Robust intellectual property which may provide patented or patentable IP protection;
- Passionate, energetic, experienced and aligned founding team; and
- Clear exit strategy to be implemented within 4-5 years with alignment of interests with our stakeholders.

Deepbridge will take an active executive role on the Board of the investee companies to utilise the strengths and commercial experience that the Deepbridge team possess in order to accelerate the growth of the investee company.



EXAMPLE PORTFOLIO COMPANIES



Metix Ltd is developing a portable, Bluetooth and wifi enabled, multi-parameter (able to monitor more than one physiological parameter), hand-held emergency vital signs monitor, called COREMED X. The Company's target market includes paramedics, humanitarian organisations and the military.

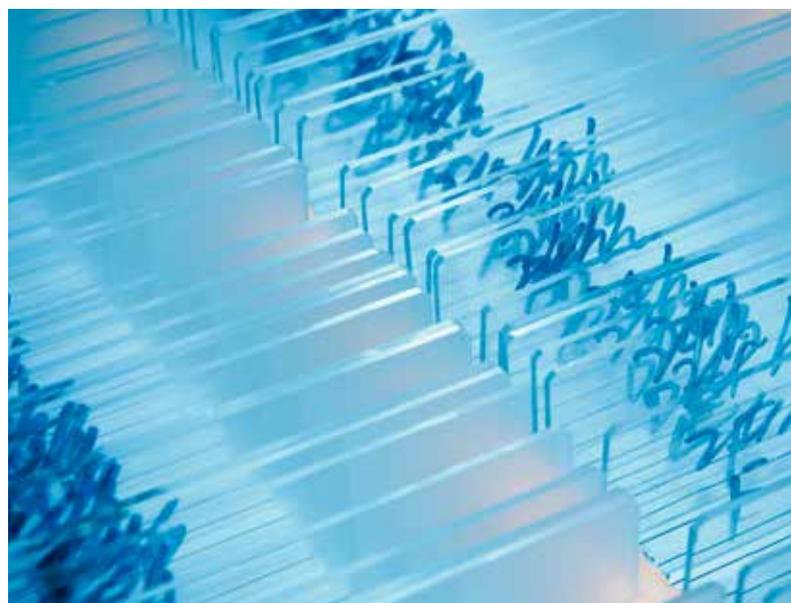


Ostara Biomedical Ltd intends to develop and exploit innovative technologies and intellectual property relating to improving the success rates of artificial reproduction across a range of mammalian species.



Videreggen Ltd is developing a proprietary stem cell-based technology platform by which it seeks to develop a range of personalised, non-immunogenic orphan replacement products for orphan indications (i.e. rare diseases or conditions that affects a small amount of people in a life-impacting manner).

The Company's technology seeks to offer the cultivation of replacement organs for human implantation. It is hoped such organs can potentially minimise an adverse reaction from the recipient's immune system.



IMPORTANT INFORMATION AND RISKS

The underlying investments are both illiquid and high risk, not suitable for all investors and investors should not consider investing unless they can afford the full loss of their investment.

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Any investment in a Deepbridge proposition will be made solely on the basis of the final version of the respective information memorandum and the customer agreements. Please be aware that past performance is not necessarily a guide to future performance and may not necessarily be repeated. The value of investments may go down as well as up and you could lose all or any of the amounts you originally invested.

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