



April 2004

Global Life Science Ventures: 2003 highlights

Dear Sirs/Madam,

We would like to take this opportunity to look back and reflect over the past year and, on behalf of the entire team of Global Life Science Ventures (GLSV), thank you for your continued interest in our business activities. 2003 was a very productive year for GLSV in which we saw substantial progress in the investment portfolio on many fronts. In 2002, we raised a total of Euro 143 million for our second fund. Approximately 50% of this fund has been assigned to specific investments, less than two years after its final closing. In line with our strategy, the portfolio of our second fund shows good balance with respect to stage of company development, geography and industry sectors.

We continue to focus on innovative companies in the life science industry that we believe will offer the best returns. This entails building strong relationships with centres of academic and business excellence, taking full advantage of our worldwide network of contacts, including the Expert Group, and benefiting from our expanded geographic presence in Germany, Switzerland and the United Kingdom.

Market and portfolio developments

Last year was a good year for the healthcare and life science sectors with robust growth returning to stock markets for many publicly listed companies. In addition, certain private companies started to exit through initial public offerings (IPOs) towards the end of 2003. It was also a good year for making new private investments.

In 2003, we made five investments in companies which we believe will deliver considerable up-side potential over the coming years (see table at end of letter). Our objective has been to focus on what we consider to be companies with innovative science and technologies matched by a firm sense of the business potential of their endeavours. In each case, we have assisted in building a strong syndicate of investors. At the same time, we have taken strategic measures to balance investments in each fund from early to later stage companies as we build our portfolio.



In 2003, we invested at different financing rounds in companies spanning the medical device, vaccine and therapeutic sectors of the life sciences. Selected highlights included the Series C financing of Intercell, the Austrian-based vaccine development company, in what was Europe's largest private equity financing round in over 24 months. This financing round, in which GLSV was lead investor, helped Intercell to become Europe's first biotechnology company to raise a total of USD 100 million in private funds since inception. In July, GLSV participated in the series A private financing of Cyberkinetics Inc., a company located near Boston in the United States. The company is developing brain-computer interfaces to treat nervous system dysfunction. Later in the year, we made a further investment in the United States, on the West coast, this time in the USD 25 million, series D private financing round for Converge Medical. This enterprise is carrying out clinical trials with a novel medical device used in cardiac surgery. In September, we participated in a follow-on financing of Coley Pharmaceuticals Group, a late stage company developing several classes of immunoregulatory drugs with broad potential applications in cancers, asthma, allergy and infection diseases. In November, we led the Series A financing round of Glycart, which raised USD 13.6 million for the Swiss-based company that focuses on developing next-generation antibody therapeutics.

In May 2003, we further strengthened our Expert Group by welcoming Fred Frank, Vice Chairman and Director of Lehman Brothers, who now acts as an advisor to GLSV for our investment activities. Fred's experience, combined with the existing expertise of GLSV's global network of advisors, is invaluable as we continue to implement our investment strategy and develop our portfolio.

While there have been some recent signs of improved prospects for companies looking for financing in the pharmaceutical, diagnostic, medical device and biotechnology sectors, many challenges remain for the life science industry. Companies backed by venture capital are participating in increasingly competitive markets and this is being reflected in the valuations of follow-on rounds. Funds are available for new companies with sound business plans as well as exciting technologies and science. However, building effective syndicates can still take considerable time. It is in this environment that GLSV's experience and network of contacts are bringing benefits to our investment portfolio. The team's success with new investments in 2003 is an important validation not only of our competitiveness, but also of GLSV's increasing profile in the investment community, as well as our ability to build highly effective syndicates of investors.

2004 started with a positive signal: in the first three months, 29 companies in the United States have raised a total of USD 6 billion in IPOs compared to USD 300 million by three companies in the same time period in 2003 (source: Dealogic). It will be interesting to see whether this development continues and how it impacts the life science industry. Indeed, one of our own portfolio companies in the United States, Memory Pharmaceuticals went public on April 5, 2004 through a listing on the NASDAQ.



Memory Pharmaceuticals is a neuropharmaceutical drug development company active in the field of learning and memory disorders. The company has made rapid progress in advancing its lead drug candidates from initial identification up to phase II clinical trials. The public listing should ensure that the company has the resources to build on its impressive track record to date. So far, GLSV has had four IPOs in the portfolio of 16 companies in its first fund. Further exciting developments are promised in 2004. One of our portfolio companies, allow it to advance its pipeline of drug candidates further, GLSV is the largest institutional investor in Cytos Biotechnology. So far in 2004, we have participated in three further investments in the United States, France and The Netherlands. In February, GLSV led the Series C financing round of NeurogesX Inc., a privately held company in the United States focused on the development of treatments for the improved relief of neuropathic pain. This was followed in early March by an investment into CareX SA, a French company developing a new class of treatments for different metabolic diseases. In the same month, we invested into the Dutch-based pharmacogenomics company Agendia BV. Agendia has developed the first microarray-based diagnostic test that predicts the risk of breast cancer tumours spreading to other parts of the body. Agendia represents the first diagnostics company to be financed through our second fund, which is consistent with our strategy to achieve a balanced portfolio.

Through our investments to date, we believe that we are well on track with reaching our objectives. We would like to take this opportunity to thank you again for your interest in Global Life Science Ventures and would be pleased to speak with you should you have any questions.

With best regards

Dr. Hans A. Küpper Philip W. Morgan Dr. Peter Reinisch Hanns-Peter Wiese
The partners of Global Life Science Ventures

2003/04 activity summary

Company	Country	Round	Sector	Date 2003/04
Cyberkinetics	United States	Series A	Medical Devices	July 9, 03
Intercell	Austria	Round C	Vaccines	July 17, 03
Coley Pharmaceutical Group	United States	Follow-on financing	Immunology Cancer	September 24, 03
Converge Medical	United States	Series D	Medical Devices	October 30, 03
Glycart	Switzerland	Series A	Therapeutic antibodies	November 26, 03
NeurogesX	United States	Series C	Neuroscience-based therapeutics for pain relief	February 24, 04
Carex	France	Series B	nuclear receptor modulators for metabolic diseases	March 8, 04
Agendia	Netherlands	Series A	Cancer diagnostics	March 30, 04

