



*"Investing wisely in
healthcare innovation
for the benefit of society
and our members"*



May 2016

Members: 163

Countries: 13

Investments: 2

Impleo Medical Approved for 25% Angel Tax Credit

Recent development sweetens current investment opportunity

Late last week, we learned that the State of the Minnesota has selected Impleo as one of the companies approved for its 25% Angel Tax Credit program. As a result, every MedPro Member investing in the company will receive a check from the State of Minnesota for 25% of their investment. It is open to residents of any state or country and is not restricted to those domiciled in Minnesota. As for the financial requirements, they are satisfied by the same standards needed for accredited investor status.

More information on this tax credit will be available to those considering investment in Impleo. Receiving the 25% rebate requires the payment of a \$350 fee and the filing of a Minnesota tax return. This is a very favorable and timely development for MedPro Investors. To be clear, any member investing will receive ownership shares in Impleo based on his/her gross investment amount (less the 2% Management Fee). The tax credit effectively serves to provide a quick partial return on investment (which will be treated as income for tax purposes) without reducing ownership.

As you are well aware by now, Impleo Medical is a privately-held company with a compelling solution for treating GERD (Gastroesophageal Reflux Disease), a condition that afflicts over 25% of the American adult population on a regular basis. People with GERD often take Nexium or other Proton Pump Inhibitors (PPIs), which sometimes may remediate the problem. However, the USFDA recently announced that long term consumption of PPIs increases the risk of chronic kidney disease by 50%, and also increases the risk of opportunistic infections.

Impleo uses a proprietary bulking agent that gastroenterologists can insert in the mucosa at the base of the esophagus in a minimally invasive outpatient endoscopic procedure. It's done at far lower cost and risk than the current alternatives, which are all in-patient surgical procedures requiring hospitalization. The bulking agent has been approved by the FDA and used effectively to remediate incontinence for 15 years. In early clinical trials in GERD, the Impleo bulking agent demonstrated effectiveness in all nine of the patients over a 12 month period with no side effects. A different bulking agent supported by another company was unable to secure FDA approval for incontinence and was withdrawn.

It is precisely this kind of difficulty others have had in contrast to the time-tested properties of Impleo's bulking agent that make Impleo attractive. Different materials have been attempted by other companies, plexiglass, microspheres, polymers, etc. All have failed. A primary key to the success of Impleo's bulking agent is its biocompatibility.

One high-profile failure often referenced is Boston Scientific's Enteryx. The product was ultimately recalled by the manufacturer. Enteryx had to be injected in the muscle tissue, not in the submucosal tissue like Impleo. A muscle injection is a much deeper injection where a physician has less (or no) visibility as to where exactly the material is placed. Also, GIs who perform the procedure are not used to muscle injections. On the other hand, they are quite well versed in performing submucosal injections. With Impleo's procedure, GIs can see the bulb in the tissue forming as they inject the material.

Neither in the 15 years in which Impleo's bulking agent has been used in over 100,000 patients with incontinence, nor in the GERD clinical trial, has there been any instance of dysphagia.

In summary, Impleo's desirable method (the bulking agent is treated as a medical device), appealing valuation (\$5.5 million) and both Medicare and anticipated private insurance

reimbursement (reimbursement codes already exist for both the bulking agent and the gastroenterologist's insertion procedure), along with our specialist's positive review, a reasonable exit strategy and the added bonus of the angel tax credit make the investment opportunity a strong one. We plan to close in 2–3 weeks. Minimum investment, as always is \$25,000. Checks should be made payable to "MedPro Investors – Impleo LLC. Please submit the completed [Investment Agreement](#) with your check.

Portfolio Companies: What's New?

A quick update on Immunomic Therapeutics and B-Temia

Immunomic Therapeutics

Immunomic held a shareholder call last week in which CEO Bill Hearl projected future royalties from the allergy vaccines, once FDA approved, could amount to \$100 million per year. While this is merely an estimate, it is a good sign of what may be expected. There was no update on the Glioblastoma trial and no forecast of when an IPO can be expected. Recall that investors in the company have already received a special dividend payment equal to over 3x their initial investment.

B-Temia

Sajem, B-Temia's European partner, has paid B-Temia €850,000 for European military and civilian joint development rights. B-Temia is moving forward with its USFDA clinical trial at four sites focusing on patients with Parkinson's and MS. Keeogo, B-Temia's walk assist device directed at the civilian market, has also demonstrated the ability of patients with leg injuries, peripheral artery disease and other maladies which limit their ability to perambulate, walk further, climb stairs and engage in recreational activities. Because of its light weight and ease of use, the Keeogo clinical trial seeks approval for unsupervised home use as well as physical therapy and rehab locations. The bulky exoskeletons entering the market could only be used in supervised environments. As a result, at least one of the exoskeleton manufacturers has approached B-Temia seeking a collaboration.

Waiting in the Wings

More deals under consideration

There are a handful of investment opportunities currently being evaluated. Here is a glance at some of the target indications and therapeutic approaches across these companies:

Immuno-Oncology

It is with much excitement that MedPro is licensing technology from scientists at a major medical research institution into a NewCo targeting HER2 positive prostate, breast and other cancers. Early clinical results have shown strong patient responses to the vaccine. The institutional source of the technology will continue to support the NewCo in future trials and complement external funding. MedPro placed a CEO with expert knowledge to team with the scientists and they have been actively making strides since then. The NewCo is likely to be the subject of a MedPro financing in the near future.

A Protective Device for Cell Delivery

A publicly traded company that we continue to monitor has developed an implantable cell pouch which houses and protects therapeutic cells. The primary target is the treatment of diabetes. There has been clinical proof of concept demonstrated in patients who have received allogenic islet cells harvested from cadavers. The pouch has become well vascularized, enabling the islets to produce insulin in response to changes in blood glucose levels. The Company also plans to use the pouch to house stem cells and other cells which have been epigenetically engineered to produce insulin. We are awaiting completion of FDA review of the clinical protocol.

Scleroderma

A private company seeking to treat late stage diffuse systemic scleroderma (dcSSc) has developed a personalized biologic that is ready to enter a pivotal clinical trial upon completion of a capital raise. The company has a genotype marker that predicts which patients will respond to its treatment and which could have adverse reactions.

Zika

The Zika virus has been front and center in the news and represents a legitimate threat to spreading beyond the regions currently troubled. We are waiting to see clinical data from a private company focused on solving the Zika virus problem by re-purposing anti-malarial compounds.

Others

It should be noted that the above opportunities only represent a subset of potential future investments. Our interests and capacity to evaluate opportunities in many fields of medical specialization, thanks to our specialist Members, is truly extensive. We welcome suggestions of financing opportunities from MedPro Members and friends. We seek companies with some demonstration of clinical efficacy which show promise of advancing the standard of care. Companies may be public or private.

MedGrow

Help us increase the size of our Membership

MedPro Investors LLC has grown to 163 healthcare professional Members. We hope and expect to continue increasing that number. Your connections and ability to help in this effort are extremely valuable. The larger we are, the more areas of expertise we can cover and the more we will be able to take advantage of opportunities. The best sources of new Members are current MedPro Members. For this reason, we encourage you to recommend other healthcare professionals to join our ranks. Please do not hesitate to send us the names of any healthcare professional friends, colleagues or associates that come to mind. A simple list including names and email addresses can be sent to steve@medproinvestors.com.



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