

Heads of Terms

Deals Means Jobs

There are many things that I enjoy about doing deals in our industry.

For licensing mandates, they include learning about great science and people behind it, they also include seeing the potential of that science and placing a value on it now and in the future. Negotiation is fun as you drive to find the best solution for both parties. Often this pursuit can be long and protracted leading to frustration and loss of the real goals which are taking the science or technology to the next stage.

So, in the end, it is the potential future impact of that science or technology on people's lives which is the most rewarding of all. All of this improves the health and wealth of people around the world. The money invested will provide jobs and patients will be healthier and live longer.

For M&A mandates, the transfer of companies into the hands of new shareholders can provide a real opportunity to create jobs too. When large pharmaceutical companies merge it is often followed by job losses. However, for the type of M&A mandates we are involved in it often leads to job creation. For example in 2012 we sold Merck's, ex-Organon, R&D site in Newhouse, Scotland to BioCity Scotland who turned it into a science park. Today BioCity Scotland hosts 20 companies providing jobs and an opportunity to provide wealth to the region.

Many of the R&D manufacturing facilities we have sold on behalf of Sanofi, UCB and Dow are providing jobs and continue to support the economic well-being in their regions. Last year Merck & Co sold its Boulder biologics facility to the CMO KBI Inc which led to the boost in jobs in Colorado, USA. In January, our client Novartis entered exclusive negotiations with the University of Brighton for the sale of their Horsham UK site. The University of Brighton plans to open an innovative, high-quality centre for higher education in Horsham that will give a major boost to jobs, skills and business opportunities in the area. The university estimates the centre could create an estimated 2,250 new jobs and bring £1.7bn of investment to the region over 10 years, and provide around 3,500 places for students.

Moving assets, whether tangible or intangible, into the hands of new owners can truly lead to new jobs and boost the health and wealth of regions and the rest of the world.



Dr Fintan Walton
Chief Executive,
PharmaVentures Ltd.

deal update

Making a Big Deal of Pain

In the last throws of 2014 a deal worth \$1bn was inked. Focusing on next generation pain management therapies, the Spanish firm, Laboratorios Esteve, S.A. announced that they entered into a global, multi programme discovery and development collaboration with Mundipharma International GmbH and its independent associated company, Purdue Pharmaceuticals LP.

This strategic collaboration combined Esteve's extensive pain focused research and development expertise with Mundipharma's and Purdue's commitment to the development and commercialisation of novel pain treatments. The agreement had three components:

- ▶ Development and commercialisation of a novel first-in-class patented API:API co-crystal of tramadol and celecoxib, which leverages the efficacy properties of both compounds while lowering the component dosages and associated adverse effects. Esteve will commercialise E-58425 in the USA and Mundipharma in the rest of the world.
- ▶ A collaboration of the development of a first-in-class new chemical entity, E-52862, targeting the sigma-1 receptor pathway. Currently in Phase II trials the drug targets multiple neuropathic pain indications.
- ▶ A collaboration including access to MuMo-1, the lead asset of Esteve's Multi-Modal (MuMo) technology platform which is currently in preclinical development with the potential to enhance sigma-1 asset properties through the introduction of additional characteristics that are tailored for specific disease states.

So what does this collaboration achieve?

The strategic collaboration leverages each of the companies' individual strengths. For Esteve, the deal validates its expertise in discovering novel approaches to treat the significant, unmet medical needs of people living with pain. For Mundipharma and Purdue, the deal capitalises on their commercialisation expertise and will bring about an enlargement of their pain franchise into neuropathic, acute and moderate pain in addition to their existing expertise in opioids and severe pain.

As part of the out-licensing process, PharmaVentures contacted 185 companies with a focus in pain therapies to discuss this novel co-crystal therapy, E-58425. A high level of interest was evidenced by the fact that 36 companies, from South America to Japan, expressed a keen desire to review this product in detail. In the end it was Mundipharma's and Purdue's offer that clinched the deal and PharmaVentures is very proud to have played a critical role in this transaction.



Patient-centricity is Essential for Rare Disease Communications



Sue Charles

Managing Partner, Global Life Sciences, Instinctif Partners

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The old pharmaceutical industry business model of the \$1bn “Blockbuster” drug is rapidly being supplemented by more personalised approaches to medicine, with reimbursement being matched to effectiveness vs. a trial and error approach. Within this new environment for “Microbusters”, orphan drugs that treat rare diseases, i.e. drugs with small patient populations (in the UK this is defined as less than 200,000 patients) but that can command very high prices (up to £300,000 per patient per year) have become popular.

Legislation introduced since the 1980s and 1990s to incentivise the development of new treatments for rare diseases is paying off. For example, the legislation for ‘Breakthrough Therapy Designation’ introduced in the USA in 2012 and in the UK in March 2014 to provide an accelerated path through clinical trials to drug registration make the field even more attractive. About a third of new drug approvals are now for orphan medicines – its boom time for biotechs in this area and big pharma has been piling in.

But rare diseases is not a field without its up and downs, and communications challenges. Rare disease communities are often small and closely knit. Patients and caregivers rely on each other for advice, opinions, and support. They forge deep bonds based on shared experience, trust, and commitment to each other’s well-being. So for pharmaceutical and biotech companies in the space relationships are vitally important – and so are reputations. Corporates are part of the community alongside patients, caregivers, advocacy groups and the healthcare professionals, which means they will be held to the same high standard. It also means that if they do something to jeopardise the trust that has been placed in them, the news is likely to be shared, and reputations damaged.

The appropriate communications strategies must address and serve the intimate nature of the rare disease communities and the information vacuum in which they often exist: with over 7,000 rare diseases, patients face the challenge of diagnosis taking an average of 5-7 years, whilst often suffering from life shortening or debilitating symptoms. In the main there are no cures and limited treatment options with uncertain outcomes. With genetic origins, many rare diseases appear at birth or in childhood, and every form of childhood cancer is rare.

Consequently the Internet has been the driving force of Patient Empowerment. Patients and patient interest groups are involved at the start of the drug development process, hence patient and advocacy group engagement strategies by way of two-way communications is critical to patient recruitment and compliance. The mechanism of action of orphan drugs can be complex and, by their very nature, the understanding of the symptoms, causes and

disease progression of rare diseases is often little understood. More than half of rare diseases have a genetic cause, with treatments often trailblazing new modalities such as gene therapy, RNA interference and exon skipping.

As there are a limited number of experts globally, strategies for communications are less geographically focused targeting well-developed referral networks. Rare disease patients and families share information and opinions widely, creating a peer-to-peer patient pull environment. Information is eagerly absorbed by patients and their families. Even if aimed at clinicians, patients are monitoring news. Experts usually communicate with referral networks: patients and advocacy groups can hijack mainstream and social media, impacting reputations and even influencing policy decision makers. Education and participation is expected as part of the necessary Patient Engagement.

A recent survey of NORD members, the 30-year old US organisation representing rare diseases, conducted by the Pew Internet Project and California HealthCare Foundation, resulted in a report concluding that members of the rare disease community are ‘Internet power-users’. “The Internet is even more important for our patients and families because, in addition to providing medical information, it provides unique opportunities to connect with other people coping with the same rare disease” the report said.

In summary, for effective patient-centric communications and corporate reputation management in the rare diseases space, here are a few top tips:

1. Adopt a strategy of listening and learning
2. Be inclusive and engaged right from the start of the clinical trial process
3. Be transparent, particularly with regards to data, side effects, trial participation and drug access
4. Be in it for the long haul, be part of the community, be participative – take part in rare diseases day every 28th/29th February
5. Provide support through co-creation and education

meet the team



PharmaVentures Increases Presence in USA

Starting this month Dr Adrian Dawkes, VP will be dividing his time between the UK and the USA based out of Boston.

With the USA still the biggest market for healthcare and Boston leading life science innovation it makes great sense for us to have our man on the ground.

In 2014 PharmaVentures had a record year for mandates in M&A and licensing, including deals

involving Pfizer, MedGenesis, Novartis, Merck and other major companies, and we would like to build on this success by engaging directly with the leading innovators and healthcare companies in the USA.

To meet up with Adrian, drop him an email: adrian@pharmaventures.com or give him a call on +44 (0)7931 428487

We are delighted to start 2015 with a number of new additions to our team



Craig Burns
Business Analyst

Craig holds a B.A. in Natural Sciences from the University of

Cambridge, where he specialised in Pharmacology and Neuroscience. He developed a particular interest in clinical treatment of Parkinson's disease and neuropsychiatric disorders, and his research thesis focused on developing novel pharmacological interventions for substance dependence.

He has previously completed a studentship in the formulation research department of Pfizer, where he gained knowledge of effective drug delivery and design. As President of the University of Cambridge Stokes Society he has liaised with some of the UK's leading scientists to deliver talks, and has toured the country demonstrating experiments with Cambridge Hands on Science.

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Stan Verlinden
Business Analyst

Stan has recently joined PharmaVentures as a Business Analyst. He holds a BSc. in Bio-

Pharmaceutical Sciences from Leiden University, Netherlands, with a thesis project in Pharmacological modelling. During his degree he specialised in Science-Based Business and this has led to a strong interest in the corporate side of the Pharmaceutical industry. Having worked in several branches at several locations in Pharma, he has developed a broad view of the whole industry.

Prior to joining PharmaVentures, Stan has worked as a Business Intelligence Analyst at Imanova in London and as a Business Development Representative for a Pharmaceutical trading house in Ahmedabad, India.

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Kathryn Chung Phd
Business Analyst

Kathryn has joined PharmaVentures recently as a Business Analyst to work with the Corporate

Advisory Team. Kathryn has a bachelor degree in Natural Sciences at University of Cambridge and a master degree at University College London. Supported by the fully-funded departmental studentship, she then pursued her interest in cancer research through a doctorate at University of Oxford to understand the biology of skin cancer. Her experience working with a medical technology device company during the Student Consultancy programme at Oxford prompted her interest in healthcare consultancy for the opportunity to tackle human diseases with a more direct approach.

kathryn@pharmaventures.com



Kate Spencer
Financial Controller

Kate is an ACCA qualified accountant with nearly 20 years' experience in industry

and public practice. She qualified in 2000, achieving first in the UK in law and third worldwide in her finals.

Prior to joining PharmaVentures, Kate managed the accounts department of a local professional firm. Previously, she managed Grant Thornton LLP's North Oxfordshire Accounting Services department and also gained internal audit experience at Vodafone PLC.

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Novartis enters exclusive talks on the potential sale of its UK Horsham site to the University of Brighton.

PharmaVentures is delighted that their client Novartis has entered into exclusive negotiations with the University of Brighton on the purchase of its UK Horsham site, announced on the 26th January 2015.

The University of Brighton plans to open an innovative, high-quality centre for higher education in Horsham that will give a major boost to jobs, skills and business opportunities in the Gatwick Diamond area. The university estimates the centre could create an estimated 2,250 new jobs and bring £1.7bn of investment to the region over 10 years, and provide around 3,500 places for students.

Fintan Walton, Chief Executive, PharmaVentures, Ltd said: *"We are delighted that our client Novartis has entered into exclusive negotiations on the potential sale of the Horsham site to University of Brighton. This will have a huge positive impact on the region and provides a positive legacy for Novartis too."*

Nigel Borshell, Vice President, who led the advisory team at PharmaVentures added: *"This potential sale will be an important landmark deal with respect to the future use of former manufacturing and R&D sites."*

With the continued move towards consolidation within the industry, combined with outsourcing initiatives providing a more cost effective approach to major parts of the business model, the ability for BigPharma to realise value from its divestment programs will come under increasing pressure.

Re-positioning and re-purposing sites offers a creative alternative to the firesale scenario often faced by sellers presented with low value interest from growing but margin sensitive bargain hunting contract service companies. Finding academic, and Science Park uses for sites maintains a progressive scientific and technical employment tradition that can have major benefits to the reputation of the seller, particularly in comparison to the alternatives that can be perceived as selling up and walking out on a community that has previously served it well.

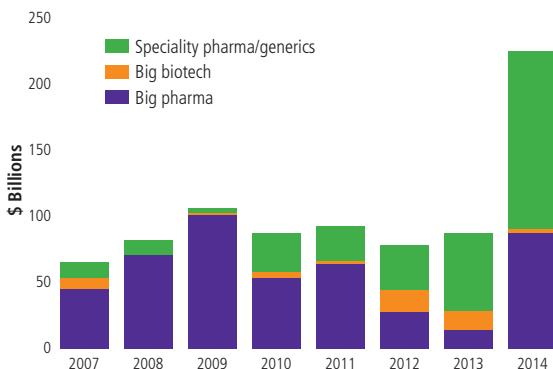


PharmaVentures was appointed by Novartis as exclusive advisors on the sale of its Horsham site in April 2014.

JP Morgan 2015

Confirmation of significant growth or another bubble?

January saw the annual JP Morgan Healthcare conference in San Francisco. Once again it was as much about the hustle and bustle of Pharma and Biotech executives meeting wherever they could find a seat to discuss strategies and plans for the coming year, as it was about the main event in the Westin St Francis on Union Square. Without doubt there was an increased buzz again this year with just about everyone predicting positive growth. This is not altogether surprising off the back of a bumper year of M&A in 2014 with big increases in numbers and values of deals.



The trend continued with major announcements leading up to and during the conference including Shire's acquisition of NPS for \$5.2bn, Roche acquiring Foundation medicine for \$1.3bn and Biogen inking a \$675m deal with Convergence. The IPO window seems set to remain open with talk of multiple IPOs being announced in the coming weeks.

This increased activity is restoring healthy liquidity to the sector, benefitting everyone, and companies are out looking for partners and assets in both licensing and M&A deals. For PharmaVentures, Adrian Dawkes and Stephen Waterman spent most of their time hunkered down in one or other of the hotels with back to back meetings for the whole week. A constant stream of biotechs, pharmas, CROs and CMOs all looking for ways to leverage our network and deal flow to boost their businesses in 2015.

For some, the optimism is tinged with a little caution and people are speculating on how long the IPO window will remain open and M&A/licensing activity will be this buoyant. Nobody is yet sure if we are witnessing a sustainable period of growth or another bubble that will ultimately burst. However, if JP Morgan is an accurate bellwether of the deal space for the coming 12 months at least, we should all expect to be very busy.

A Busy Conference Season

PharmaVentures and PharmaTelevision are delighted to be partnering, yet again, with some of the major players in the Life Sciences Conference arena.

February started well with Fintan filming a series of interviews at **Biotech and Money LONDON**. We were very fortunate to secure interviews with Dame Sally Davies and Lord Digby Jones of Birmingham as well as some of the key players in the life sciences arena.

You can watch their interviews at www.pharmatelevision.com.



Dame Sally Davies



Lord Digby Jones

Later this month we will be filming at the **Economist Pharma Summit** on 26th February where members of our Corporate Advisory Team will also be in attendance, so please contact us if you would like to set up a meeting.

3rd to 4th March, Fintan Walton will be chair at **8th Annual European Life Sciences CEO Forum** in Zurich.

From from 9th to 11th March, Elena Lovo and Chris Berry will be representing our clients at **BIO Europe Spring** in Paris. Then it's off to the USA for Adrian in May for **BioNetwork East**, 4th to 6th May in Miami and the **FT US Healthcare and Life Sciences Conference**, 6th May in New York. These two conferences sit very well with our strategy of raising our presence in the USA and Adrian is very much looking forward to meeting up with as many of our American colleagues as he can.

Should you wish to arrange meetings with any of our team please contact **Maria Seal**, maria@pharmaventures.com and she will be very happy to make the arrangements.

The Pharma Summit 2015

The dawn of a new era

26th February 2015
Radisson Blu, Portman Hotel, London

The Pharma Summit, now in its 21st year, is a must-attend event for industry leaders. 2015 will focus on the challenges impacting the world of pharma as well as the innovation required to face them. The summit provides a unique platform for stakeholders from across the industry to convene, share views and network with peers.

The Pharma Summit will address areas such as improving access and affordability of medicines, the immense differences between developed and emerging markets, technology in pharma, and enhancing partnerships across the ecosystem to benefit all. The event will bring together leading voices representing pharmaceutical companies, patient associations, non-profit organisations, regulators and field experts to continue providing the most relevant insight, invaluable to all pharma players.

Key speakers include:

Guido Rasi

Executive Director, European Medicines Agency

Andrew Hotchkiss

President, Lilly

Maureen Baker

Chair, Royal College of General Practitioners

