

## Heads of Terms

Welcome to issue 5 of *termsheet*, PharmaVentures' quarterly publication providing the latest opinion, news and insight into the global dealmaking space for the healthcare sector.

We look forward to another active year assisting our clients in all aspects of their dealmaking and kicked off on a positive note at the 30th Annual JP Morgan Healthcare Conference in San Francisco. There, I spoke with a large number of CEOs and CFOs from across the sector and they echoed the views we are hearing elsewhere – that things are improving and 2012 is set to be a busy year. Everyone agreed that although the outlook is brighter, the complexity of the deals being done is significantly greater with the need to mitigate risk, accommodate multiple parties (Pharma/Biotech/CROs/Investors) and structure deals to deliver fair returns to the participants. At PharmaVentures, we have led the way in developing these highly complex deals as evidenced in January with the award of Scrip "Outsourcing Deal of the Year Award" to Sanofi for their 2011 deal with Covance. PharmaVentures acted as advisor to Sanofi for this deal.

We know that 2011 was a challenging year for everyone in our sector but some areas were still performing well. Whilst licensing deals were down 16%, the most sought-after assets still commanded sizeable premiums. Conversely, M&A activity remained robust, with deal values rising 30%. PharmaVentures has been particularly active in this area and at the very beginning of the year saw the deal between Merck and BioCity close to provide a new state of the art R&D facility for new biotechs and provide a boost to innovation and job prospects in the region. We continue to help major pharma companies with their consolidation and restructuring and have eight R&D and manufacturing facilities around the world that would make excellent acquisitions.

As usual, we shall be out and about at the various key conferences, including BIO-Europe Spring in March in Amsterdam and BioTrinity, UK in April where I shall chair a lively panel discussion with leaders in the pharma, biotech and investor sector. We will look at how transacting various R&D and manufacturing facilities can create value and growth in our sector. I hope to see some of you there or you can always reach us via our website and find out how we can help your business grow.



Dr Fintan Walton  
Chief Executive,  
PharmaVentures Ltd.

## PharmaVentures' client Sanofi wins Scrip 'Outsourcing Deal of the Year Award'

January saw one of our key clients scoop the Scrip "Outstanding Outsourcing Deal of the Year 2011" award. The judges described the deal as 'impressive' as it was "one the largest and most comprehensive R&D alliances in the history of the pharmaceutical and CRO industry". Under the terms of the agreement, Sanofi retains access to some of the capabilities that were divested to Covance as part of a long-term strategic alliance. Covance will provide Sanofi with an up to 10-year sole source relationship for central lab services. Putting together a deal of such complexity was no small undertaking and PharmaVentures' advisors were instrumental in constructing this deal and ensuring a successful closure.

Kevin Bottomley, Head of Transactions at PharmaVentures, was lead advisor to Sanofi on the deal and commented: "This is a great recognition for Sanofi because it was a ground-breaking deal which ultimately supports both companies' overall strategic intent."

For further information, contact:  
**Kevin Bottomley**  
Senior Vice President  
[kevin.bottomley@pharmaventures.com](mailto:kevin.bottomley@pharmaventures.com)



(L to R) NDA Group's Steven French, Sanofi's Didier Blondel, Covance's John Watson and host Michael Portillo.

# Merck research site to become state of the art R&D Incubator

PharmaVentures has worked closely with MSD (operating in the US and Canada as Merck & Co) in recent months to help secure the future of their research facility in Newhouse, Lanarkshire. In January this year, we were extremely pleased to facilitate completion of a deal between Merck and BioCity Scotland (a new joint venture between BioCity Nottingham and Roslin BioCentre with support from the Scottish Life Sciences community and the Scottish Government). With multiple participants, this was a complex deal to bring to fruition but the willingness on all sides to develop a positive outcome for this excellent facility helped close the deal.

The transfer of this research facility from MSD to BioCity Scotland unlocks over 130,000 sq ft of purpose-built laboratories and offices on the 23 acre site capable of supporting drug discovery and development for growing bioscience, pharmaceutical, med-tech and healthcare companies.

Fintan Walton, Chief Executive of PharmaVentures said: "PharmaVentures is delighted to have worked with MSD in finding a new investor like BioCity Scotland to turn the former MSD research facility into an incubator for growing innovative enterprises. This is a fantastic outcome for the site and for the UK life science industry as a whole, creating new job opportunities from start-up companies and providing the infrastructure to support expansion of existing businesses."



*(L to R) Louis J. Nisbet D.Sc. (Chairman, BioCity Nottingham), Dr Glenn Crocker (CEO of BioCity Nottingham), John Swinney (MSP, Cabinet Secretary for Finance, Employment and Sustainable Growth), Malcolm Bateman (CEO of Roslin Foundation) and Dr David Storey (MSD Executive Director of Scientific and Operational Strategy)*

For further information:

Kate Moore, Director, Transactions  
[kate.moore@pharmaventures.com](mailto:kate.moore@pharmaventures.com)

# PharmaVentures strengthens its analytical capabilities to support the growing number of transactions



**Cynthia Tso**  
Analyst

Cynthia has recently joined PharmaVentures as an Analyst working with the Transactions team in Corporate Advisory.

Cynthia has considerable technical expertise in structure-based drug design and high-throughput screening. After completing a BSc in Biochemistry at Imperial College London, Cynthia pursued a Doctorate in Biochemistry at the University of Oxford to develop small-molecule inhibitors for rheumatoid arthritis. In her thesis research, she performed fragment-based drug screening and employed protein NMR and X-ray crystallography to delineate molecular interactions between inhibitors and a drug target protein.

Cynthia works within the Corporate Advisory team specialising in benchmarking, as well as product and technology valuations.

[cynthia.tso@pharmaventures.com](mailto:cynthia.tso@pharmaventures.com)

## meet the team



### Kate Moore

MA, PhD  
Director, Transactions

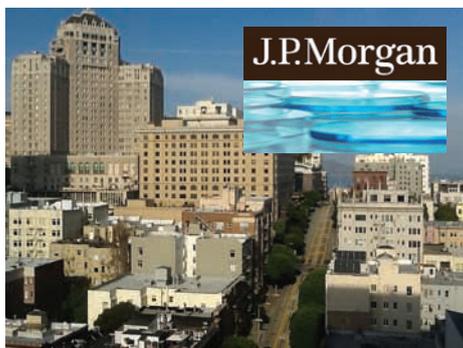
Kate is an experienced transactions advisor and has completed multiple in- and out-licensing deals. Within the transactions process, Kate conducts market evaluations and technical and commercial due diligence as well as managing complex multi-party buy and sell side projects. Most recently, Kate led the project supporting the Merck/BioCity deal (see above).

Kate has 15 years of experience in the biotechnology industry, most recently as Director of Business Development at TopoTarget. She also held positions in marketing and research at BD Biosciences, BioCarta and Prolifix. She has an undergraduate degree from Oxford University and a PhD in Molecular Biology from University College London.

[kate.moore@pharmaventures.com](mailto:kate.moore@pharmaventures.com)

## 30th Annual J.P. Morgan Healthcare Conference 2012, San Francisco

J.P. Morgan is one of our industry's conference highlights of the year, drawing in senior executives from pharma, biotech and medtech as well as investors and VCs. Everyone is in town with a strong business purpose looking to set the tone for the year ahead. The influential Jamie Dimon, Chairman and CEO of J.P. Morgan Chase & Co – a man who President Obama praised for his inspirational diligence throughout the recession, despite 'managing such an enormous portfolio' – gave his vision. This year's J.P. Morgan Healthcare Conference in San Francisco, USA, featured over 15,000 attendees from companies around the globe and a record 395 public and private company presentations. Individuals and corporate representatives attend this conference primarily for one reason: to network and find business solutions in order to succeed. PharmaVentures successfully showcased our client companies seeking to out-license, in-license or divest/ acquire assets as well as meeting with a number of potentially new clients; all with different goals looking to benefit from our inside knowledge and industry expertise. The general sentiment was one of optimism for the year ahead, borne out by the presentations and the enthusiasm of industry leaders we met all looking to move their businesses forwards and grow.



## Jansen Jacob highlights the importance of Life Cycle Management

Informex returned to New Orleans in 2012, once again offering exhibitors and attendees a direct view of what is happening domestically and internationally across key players in fine and specialty chemicals. Along with CPhI, Informex is a trade showcase, focused mainly on manufacturing aspects within the pharmaceutical sphere.



PharmaVentures is a key player in this sector, helping numerous companies acquire or divest their manufacturing facilities. Jansen Jacob, Senior Advisor in PharmaVentures, attended the event and moderated a panel discussion on Life Cycle Management (LCM). The event generated extremely thought-provoking discussions highlighting the importance of LCM within the pharmaceutical business environment and its key role in continuing to generate revenues for companies under threat from patent expiries and genericisation. The conference also hosted a high impact panel discussion on managing risks in the pharmaceutical supply chain and explained the scale of the problem of counterfeiting as evidenced by Heparin and Epogen. The relatively low punishments meted out to prosecuted prescription drug counterfeiters, coupled with the huge profits one can generate by counterfeiting valuable medications, are the key reasons for the surge in prescription drug counterfeiting. Faced with such a lucrative market, narcotics drug-traffickers have also entered the prescription drug counterfeiting business. Rx-360 is a voluntary industry consortium that is striving to keep the counterfeiters at bay by sharing valuable supply chain information that would help to identify and thwart such counterfeiting efforts. Monitoring the movement of drugs from the drug manufacturer to the final patient is key in order to prevent counterfeiting in the future.

For further information:  
**Jansen Jacob, Senior Advisor**  
[jansen.jacob@pharmaventures.com](mailto:jansen.jacob@pharmaventures.com)

## PharmaVentures attends BIO-Europe Spring® 2012

PharmaVentures is attending BIO-Europe Spring® March 19-21 in Amsterdam, The Netherlands. This year will see a record number of exhibitors looking to partner and make new connections as well as showcasing their current pipelines and assets to potential investors. You can find us on PartneringONE if you'd like to book a meeting, or, alternatively, visit us at booth 47 in the exhibition hall. We'll be joined by the PharmaTelevision team, who will be interviewing and filming some of our industry's top figures, which you will be able to watch post-event on [www.pharmatelevision.com](http://www.pharmatelevision.com) or on our YouTube channel.



### conference update

- BioEurope Spring**  
 Media Sponsor  
 19-21 March, Amsterdam, Netherlands
- BioTrinity**  
 Media Sponsor  
 24-26 April, Newbury, UK
- MergerMarkets Healthcare & Pharma**  
 M&A and PE Forum  
 May, London, UK
- BIO International Convention**  
 18-21 June, Boston, USA

To meet with PharmaVentures' experts at any of these conferences, please contact:  
**Adrian Dawkes, Vice President**  
[adrian.dawkes@pharmaventures.com](mailto:adrian.dawkes@pharmaventures.com)

## Facility Divestments

The fast-changing nature of our industry means that the mix of facilities, capabilities and resources a company needs to face future challenges can require modification by divestment or acquisition. From changing strategic priorities through to rationalising legacy sites, PharmaVentures has extensive experience of successfully securing acquirers for R&D and manufacturing facilities for our clients. From the moment we first visit a site, we work hand-in-hand with managers and employees to provide the best outcome for all parties by looking in-depth at valuing and positioning the facility as a business proposition before preparing a pre-sale report. From compiling a list of potentially interested buyers through to managing the sales process and providing real-time deal support, we have added value to countless processes and offered a bright new future for facilities and the people working in them under new ownership.



### Recent Successful Divestments

#### Include:

- ▶ Merck Newhouse site to BioCity Scotland
- ▶ Sanofi Porcheville & Alnwick sites to Covance
- ▶ 3 European UCB manufacturing sites to Aesica

### Current Assets in Process:

- ▶ 2 USA manufacturing sites
- ▶ 1 Indian manufacturing site
- ▶ 1 European manufacturing site
- ▶ 2 European R&D sites
- ▶ 1 USA Biologics manufacturing site
- ▶ 1 Japanese manufacturing site

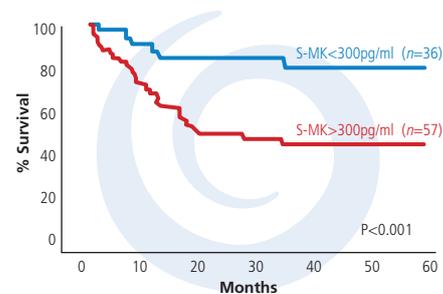
For more information, contact:  
**Kevin Bottomley, Senior Vice President**  
[kevin.bottomley@pharmaventures.com](mailto:kevin.bottomley@pharmaventures.com)



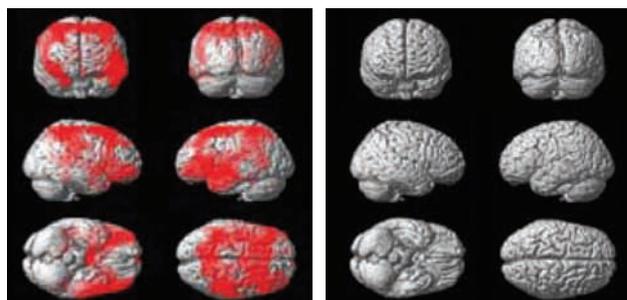
PharmaVentures has been engaged by Cellmid Ltd. to assist in finding partners for their oncology companion biomarker midkine. Cellmid have developed a suite of fully characterised antibodies that can be used in IHC and have also been incorporated into a commercial ELISA (cGMP manufactured and CE marked).

Midkine is an embryogenic protein not usually present in normal healthy individuals but measurable in a wide range of cancers. It can be used in clinical development to shorten clinical trial times and provide more accurate patient selection and stratification. It is applicable across all clinical phases and in preclinical *in vivo* studies. The biomarker is an accurate prognostic predictor independent of tumour size and stage as well as a marker of the presence/absence of cancer. We believe this is an excellent biomarker that could be utilised by pharma, biotechs and CROs developing drugs in the oncology space.

For further information  
**Adrian Dawkes, Vice President**  
[adrian.dawkes@pharmaventures.com](mailto:adrian.dawkes@pharmaventures.com)



Five year survival curves of 93 patients with esophageal squamous cell carcinoma



PharmaVentures is currently assisting TauRx to out-license its Phase III asset LMTM for Alzheimer's disease. LMTM is a tau protein aggregation inhibitor and is possibly the first therapeutic that offers disease modifying capabilities to Alzheimer's sufferers. In their Phase II clinical trial, TauRx were able to demonstrate significant reductions in disease progression of over 80% at 50 weeks and over 70% at 102 weeks.

For further information:  
**Kevin Bottomley, Senior Vice President**  
[kevin.bottomley@pharmaventures.com](mailto:kevin.bottomley@pharmaventures.com)

PharmaVentures is assisting a company who is seeking to out-license a unique, implantable pulmonary artery monitoring system that records and transmits cardiac and thoracic parameters. The device has therapeutic applications across a range of respiratory and circulatory indications as well as having a significant role in the drug discovery and development processes by determining efficacy, measuring key pharmacodynamic parameters and reducing attrition rates.



For further information:  
**Andrew Lomas, Advisor**  
[andrew.lomas@pharmaventures.com](mailto:andrew.lomas@pharmaventures.com)