

## Heads of Terms

Welcome to "termsheet" our new quarterly newsletter providing insight into the world of dealmaking and how PharmaVentures is helping to shape the new deals landscape. Our industry continues to transform at a fast pace and we continue to be there to assist. For example, over the past three years PharmaVentures has been trusted by the leading companies in the industry such as Merck, J&J, Genentech, sanofi-aventis, UCB and many more, for our expertise and insight in dealmaking.

We hope this newsletter provides you with an overview of the exciting developments at PharmaVentures.

We look forward to hearing from you,



Dr Fintan Walton  
Chief Executive,  
PharmaVentures Ltd.



## Complex Deals for Tough Times – Is M&A The Way Forward?

M&A deals appear to be bucking the general downward trend seen in the wider pharmaceutical dealmaking world, according to Kevin Bottomley, speaking recently at the Informex meeting in Charlotte, North Carolina. With Pharmaceutical companies looking to optimise infrastructure from a capabilities, pipeline and financial perspective, and CMOs/CROs looking to grow to exploit these opportunities, there are clear incentives for M&A deals. As a result, today's M&A deals are no longer simple asset transactions and have become highly complex, with transfer of people, contracts and ongoing supply agreements lasting for several years. M&A deals are looking increasingly like licensing deals and as such require advisors with specific and relevant skill sets. The factors influencing M&A were a key part of a panel discussion involving Brian Scanlan, CBO at Cambridge Major Labs, Michael Williams, VP Legal Affairs at AMRI, Tim Tyson CEO Aptuit Inc., Andrew Ment, Partner at Covington and Burling, Nick Hyde and Kevin Bottomley both PharmaVentures.

Kevin and colleagues at PharmaVentures advised UCB in their recently completed divestment of 3 facilities to Aesica and also sanofi aventis in their divestment of 2 facilities to Covance. Both were highly complex deals and reflected many of the current structures and practices demanded by companies active in the M&A sector.

PharmaVentures will be attending CPHI in Frankfurt October 2011.

For more information on PharmaVentures divestment and M&A services:  
Kevin Bottomley  
[kevin.bottomley@pharmaventures.com](mailto:kevin.bottomley@pharmaventures.com)

## meet the team

### Nigel Borshell



Nigel has over 30 years experience in Life Sciences including senior international commercial management roles in diagnostics and biotechnology gained at drug testing specialists

Syva Company, Hoechst's Behring division, US diagnostics giant Dade Behring, and as European Business Development Director for California-based Cepheid. Nigel is the author of numerous Pharmaceutical/Biotech Industry reports, papers and articles. At PharmaVentures, Nigel specialises in valuation methodologies, deal structure modelling, and pricing policies.

## Where PharmaVentures Lead, Others Follow

In 2010 PharmaVentures published a thought leader paper in the Journal of Commercial Biotechnology titled "Pharmaceutical royalties in licensing deals: No place for the 25 per cent rule of thumb". Based upon available data over 10 years the paper concluded that the use of this rule of thumb to judge an appropriate royalty rate is at best problematic and at worst inappropriate or misleading. Other industries are now adopting the same view. In a recent court case between Uniloc and Microsoft in the USA where a \$388M award was reversed it was deemed that the 25% rule as used in patent litigation was "fundamentally flawed" and does not stand up to the test for admissibility of expert testimony.

For the full publication:  
[www.pharmaventures.com/consult/white/paper/15096](http://www.pharmaventures.com/consult/white/paper/15096)

## European Manufacturing Sites Traded

1st March – PharmaVentures jointly announced the sale of 3 UCB manufacturing sites to Aesica Pharmaceuticals in a complex deal involving the transfer of multiple assets and 600 personnel coupled with a series of supply agreements and the transfer of existing business from the sites to third parties.

PharmaVentures established the deal strategy by conducting a Valuation and Positioning analysis which fed into a confidential auction process to source the most suitable owner for the facilities. Several companies provided attractive second round offers for the sites and PharmaVentures guided UCB in their selection of the most appropriate acquirer. The whole process from engagement to sign-off of the definitive agreement took just over 8 months.

For more information on our divestment service:

Kevin Bottomley  
[kevin.bottomley@pharmaventures.com](mailto:kevin.bottomley@pharmaventures.com)

## conference update

PharmaVentures will be attending the following conferences:

- ▶ **BioEurope Spring**  
March 14–16, Milan, Italy
- ▶ **BioTrinity**  
April 12–14, Newbury, UK
- ▶ **BIO International Convention**  
June 27–30, Washington DC, USA

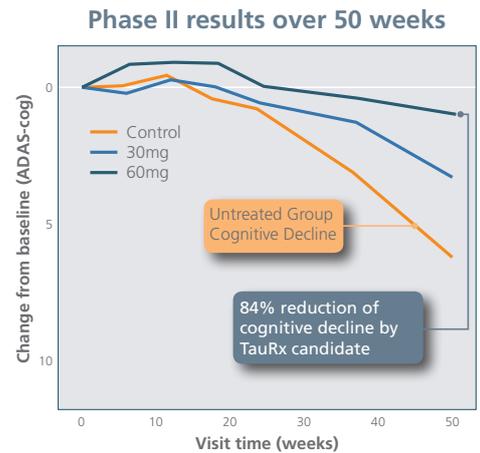
## product news



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 reduction in disease progression of over 80% at 50 weeks and over 70% at 102 weeks.

For further information:

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## AlgiPharma

PharmaVentures has been engaged by Norwegian biotechnology company AlgiPharma to assist them in outlicensing their novel G-Block technology. The technology is derived from brown seaweed and is able to disrupt bacterial biofilms which are a significant problem

for COPD and Cystic Fibrosis sufferers. Use of G-Block alongside antibiotics could allow these patients to recover more rapidly from exacerbations and respond significantly better to antibiotic treatment.

For further information:

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



PharmaVentures is assisting Merck and Co. Inc. to divest R&D facilities obtained through its acquisition of Schering-Plough.



PharmaVentures provides strategic business development services to support Johnson & Johnson's European licensing activities.

## New From PharmaVentures

Available from April the new **v4 Enterprise edition** from PharmaDeals will provide a corporate subscription in a single package. With everything you have come to expect in this industry leading deals database; Additional enhanced content, video from key industry influencers and a strengthened platform with powerful search capabilities.

For more information:

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