

Heads of Terms

Welcome to the September edition of "termsheet" providing insight from PharmaVentures into the hot topics in deal making. As we move towards the last quarter of 2011 it is clear we are all having to adapt to different pressures and constraints in our dealmaking. At BIO in Washington, I participated in a successful interactive discussion to a wide audience on how our increasingly risk averse environment has impacted on licensing deals and the influence this has on the choices of large pharma companies when looking for partnerships with smaller pharma and biotechs. Whilst large pharma companies continue to rationalise their business through cost-cutting and consolidation, they are still looking to fill pipeline voids with new products through collaborations. However, these collaborations need to be more dynamic to satisfy investors and shareholders as well as governments that have intensified their focus on healthcare costs. This means that companies, both large and small, are forced to be more creative in their deal making. Good opportunities still command higher values but the negotiating power of either side can significantly influence deal issues and the complexity of the deal being struck. This is why more companies are turning to experts like PharmaVentures for the right advice and the best deal outcomes.

PharmaVentures will be at a number of meetings and conferences in the coming months which you will see in our Conference update. If you are attending any of these events, we would be happy to meet with you at one of these to discuss how PharmaVentures can assist you or you can call or email us at any time.

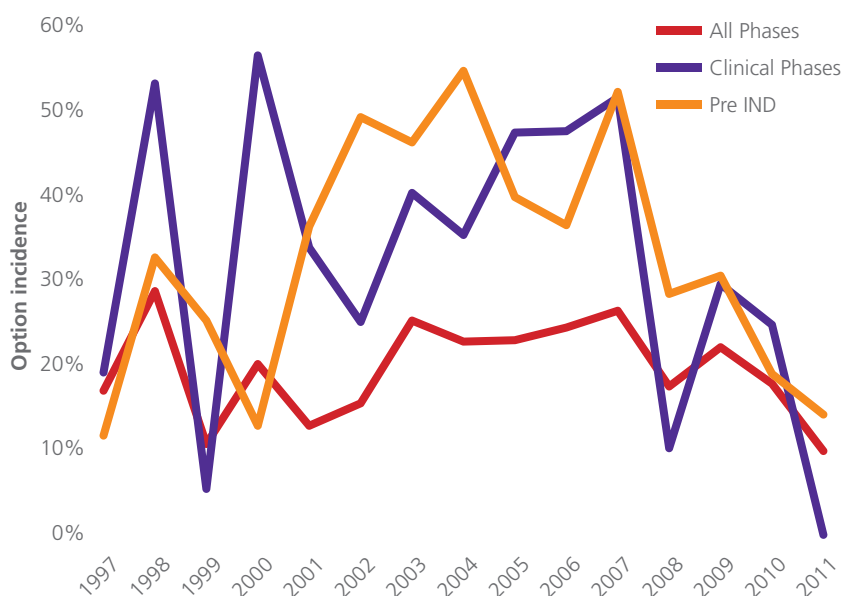
We look forward to speaking with you.




Dr Fintan Walton
Chief Executive,
PharmaVentures Ltd.

Just How Risk Averse is the Bio/Pharma Industry?

In deal making, options based structures have long been considered a useful vehicle to carry uncertainty through to a point of resolution, or at least to a position where the risks are better understood and therefore the magnitude of potential benefits more tangible. Many very early stage players prefer the use of options to allow partners an opportunity to uncover value rather than undersell or worse allow good potential to gather dust for lack of resources. PharmaVentures experts have produced a thought leadership publication that looks at the underlying trends in options and data on the continuing use of these to reduce risk.



Incidence of Options Terminology in Mid-sized and Global Pharma Company Licensing Deal Activity.
Source: PharmaDeals v4. PharmaVentures' analysis

Although 'noisy', the data indicates that options are declining in dealmaking and therefore the necessity of filling empty pipelines coupled with the patent cliff is forcing companies to be less risk averse or perhaps averse to risk mitigation since competition for the best assets is much increased.

For further information on PharmaVentures' research into Options and other areas of dealmaking, download this and other white papers in full free of charge from our website:

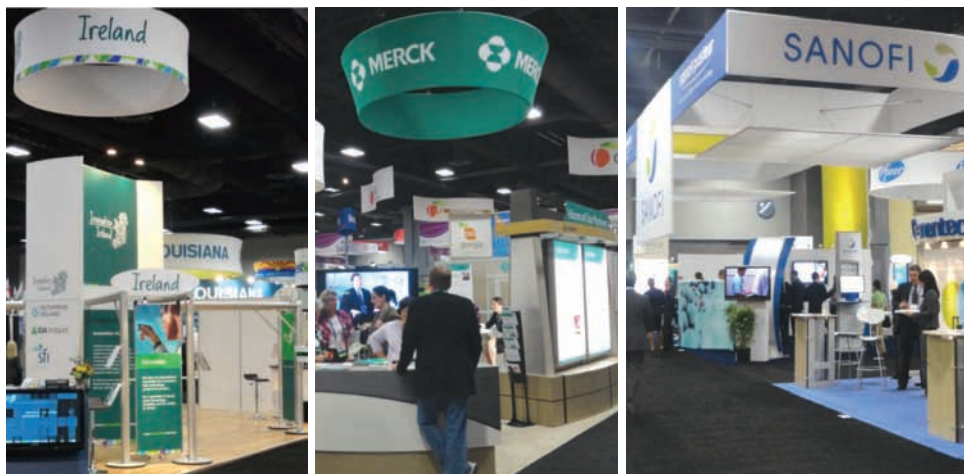
www.pharmaventures.com/consult/white
or contact our experts
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BIO 2011 Washington USA

Once again BIO in Washington proved to be a massive draw for dealmakers and associated industry specialists in June this year. With 15,626 attendees from pharma and biotech as well as government and academia representing 65 countries it was the place to be for business developers and dealmakers. PharmaVentures had a strong presence in the exhibition hall as well as successfully representing several of our clients in the partnering sessions. Fintan Walton participated in a successful and lively panel discussion on how increasing risk aversion is impacting on licensing deals. PharmaTelevision gathered the latest insight from the people shaping our industry, including Dan Zabrowski (Roche), James Sabry (Genentech) and Xander Wessels (DSM), which can be viewed at www.pharmatelevision.com.



PharmaVentures Clients at BIO Washington 2011



PharmaVentures will be attending the following conferences:

- ▶ **BioPharm America**
Media Sponsor
07-09 September, Boston, USA
- ▶ **Pharma Competitive Intelligence**
Conference Exhibitors
13-14 September, New Jersey, USA
- ▶ **BioPartnering Europe**
Media Sponsors
09-11 October, London, UK
- ▶ **AusBioTech 2011**
16-19 October 2011
Adelaide, Australia
- ▶ **CPhI**
25-27 October, Frankfurt, Germany
- ▶ **BIO-Europe 2011**
Strategic Media Partner
31 October to 02 November
Duesseldorf, Germany
- ▶ **FT Global Pharmaceutical & Biotechnology Conference 2011**
Media Partners
5-6 December 2011, London UK
- ▶ **J P Morgan**
09-11 January 2012
San Francisco, USA

To arrange a meeting with PharmaVentures at any of the above events, please contact: julia.brocklehurst@pharmaventures.com

PharmaVentures Supports Tomorrow's Industry Leaders

The Licensing Executive Society International held its annual conference in London recently. Fintan Walton and Nigel Borshell ran an interactive workshop on valuation which had a lively discussion on early stage asset valuation! Leading up to the conference the Society runs a student business plan competition with the finalists presenting their pitches to the meeting with an overall Global Winner and International Global Winner selected. All the finalists pitches were filmed by PharmaTelevision along with in depth interviews with the two winners.

This year the Overall Global Winner was Matthew MacEwan whose company Nanomed has developed a specialised nanofabricated surgical mesh to act as a dural substitute for defects involving the brain and spinal cord. The International Global Winner was Ola Rickardsson whose company Sheildheart has developed a negative pressure wound technology for the prevention of heart rupture.

Student Business Plan Competition Winners



Matthew MacEwan



Ola Rickardsson

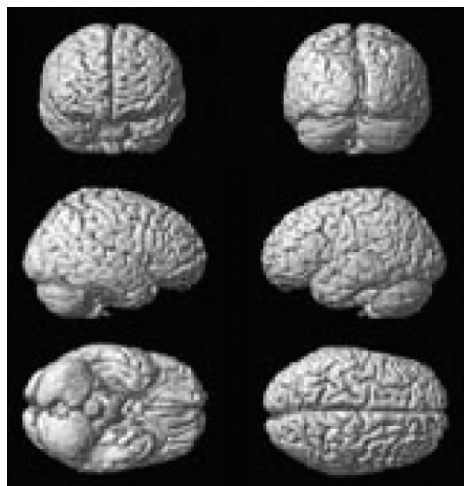
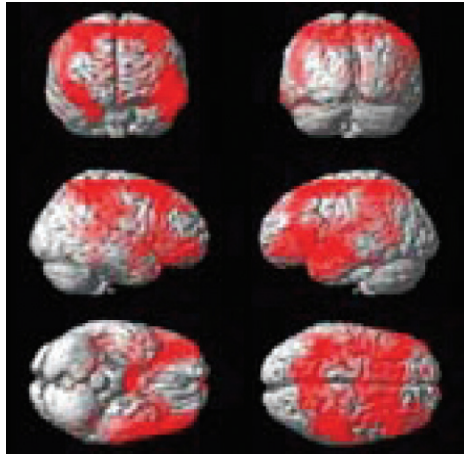
PharmaVentures to attend J P Morgan

PharmaVentures will be attending the J. P. Morgan 30th Annual Healthcare Conference



in January 2012. During the event, we will be showcasing our client companies looking to out-license, in-license or divest/acquire assets. The J.P.Morgan conference is one of the premier industry events attended by senior executives from Pharma and Biotech as well as the investment community.

To arrange a meeting with PharmaVentures during the event or if you would like PharmaVentures to showcase your company or technology, please contact: julia.brocklehurst@pharmaventures.com



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:
Kevin Bottomley
kevin.bottomley@pharmaventures.com

meet the team



Kevin Bottomley, BSc. (Hons)
 Head of Transactions

Kevin has a proven track record of successful deal-making having worked at Roche, Quintiles, Hoechst (Sanofi-aventis) and at Inpharmatica, where from 2001 to 2006 he was a Senior Director of Business Development. Kevin has a degree in Pharmacology from Kings College, University of London. Kevin is an experienced business development specialist, with over 25 years of experience in pharmaceutical and biotechnology companies involving senior positions in research, alliance management and business development.

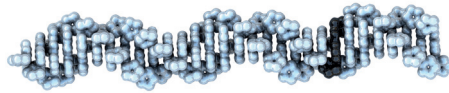
kevin.bottomley@pharmaventures.com



A V E X A

PharmaVentures has been engaged by Australian biotech company, Avexa Limited to seek an out-licensing partner for OXARA®, a nucleoside reverse transcriptase inhibitor with an FDA approved, abridged Phase III trial design with accelerated approval endpoint. It offers a new extension to existing therapies in the treatment of drug-resistant HIV, especially for patients with limited remaining therapeutic options.

For further information:
Shreesh Saurya
shreeh.saurya@pharmaventures.com



PharmaVentures is acting on behalf of a major Swiss pharmaceutical company to acquire approved, cancer critical care products for sale in the USA. Attractive terms are achievable for the right products. Our client has an experienced sales force in place to begin commercial exploitation immediately.

For further information:
Kate Moore
kate.moore@pharmaventures.com

PharmaVentures is working with a global biopharma company who are looking to divest two standalone pharmaceutical manufacturing facilities based in India and North America. Our client wishes to find a suitable buyer for a long term strategic partnership, supplying key products to the parent under long term contracts.

For further information:
Kevin Bottomley
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:
Kevin Bottomley
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Expert Testimony

In the world of Intellectual property (IP) and deal making, disputes over agreements and IP can and often do occur. For 10 years, PharmaVentures has provided independent expert reports and testimony for both litigation and arbitration cases. In some cases, these disputes have been high profile involving billions of dollars in value covering deal disagreements, patent validity, determining value for damages and transfer pricing issues relating to tax jurisdictions.

For further information about PharmaVentures' global expert testimony services and previous experience and to find out how we can assist biopharma companies in solving difficult disputes, please e-mail julia.brocklehurst@pharmaventures.com to arrange an appointment with Fintan Walton, CEO.



Maximising Your Asset Value and its Future Potential



Many companies are faced with difficult decisions with their R&D and manufacturing facilities on how to maximise efficiencies and return the best value for their business. Too often facilities are closed or mothballed without the true future potential being established. At PharmaVentures we have developed tools and processes over several years to conduct a thorough "bottom up" analysis of the operational and commercial status of individual business facilities. In an objective analysis we can assess; the life cycle of future products, the impact of future pipeline and strategy, the market segments served by the business, and how competitive the business is with regard to its assets, technologies and people. Many companies, governments and institutions have benefited from the insight we have provided and been able to define a clear future path for their business, retain current employees and add value to the business by securing new investment and projects.

"I recommend this as a very useful and relatively non-intrusive business healthcheck for any pharmaceutical manufacturing site."
Gearoid Walsh, VP Finance & IT, Astellas Ireland.

For more information contact:
Kevin Bottomley
kevin.bottomley@pharmaventures.com

It Pays to Know The Value

At PharmaVentures we are seeing an increasing need from Private Equity and Venture Capital Houses for external third party specialist advice in the valuation of their portfolio of assets and their future investment strategies. With PE/VC houses facing the need to pick more winners both in terms of the technologies or drugs themselves but also in the timings and strategies for investment or exit the need to de-risk these important decisions is paramount. To address this growing need PharmaVentures has recently expanded its team to support these activities.

PharmaVentures is also increasingly active in providing due diligence services to PE/VC firms, bringing expert insight and added security to the investment decision making process. PharmaVentures can help determine the true value drivers of a business or asset and its opportunity for success.

"We offer a complete range of advisory services to PE/VC firms" says Ping Shek, Senior Director Transactions. "Our clients are looking for advice to optimise value through application of technical and industry expertise to market opportunities, be it emerging markets or strategic acquisitions."

For further information:
Ping Shek
ping.shek@pharmaventures.com

PharmaVentures Increases Capabilities in the Transactions Team



Andrew Lomas PhD (Analyst)

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

Andrew has considerable technical expertise in the fields of drug discovery and development in general, and oncology in particular.

After taking an MSc in medicinal chemistry at the University of Oxford, Andrew stayed at Oxford as a tutor in organic and medicinal chemistry and completed a Doctorate in pharmacology/molecular oncology under the supervision of Prof Adrian Harris at the Institute of Molecular Medicine. Andrew works within the Corporate Advisory team specialising in benchmarking, product and technology valuations, and litigation support.

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