



January 2011

## Global Life Science Ventures: 2010 Review

Dear Sir/ Madam,

To follow our tradition, please, find below our review for 2010 which summarizes the major news and portfolio events over the last twelve months.

The biotech industry in 2010 was still marked by scarcity of risk capital, cautious acquisitions by big pharma and a biotech IPO window that finally opened but not at attractive conditions. Our efforts concentrated on securing the value of GLSV II by supporting the existing portfolio companies which continue to focus on their most important development programs and on extending their cash reach.

As per the end of December, GLSV II's portfolio shows ten private and two public companies with four of them generating sales revenues. Despite the ongoing uncertain financial markets, many of the companies reported substantial progress, as summarized further below. Overall, our portfolio performance has remained stable and, according to Cambridge Associates, GLSV II again belongs to the group of top performers of all venture capital in Europe as per their latest available bench marking data as of June 2010.

Three portfolio companies raised further funds by extending their last round of finance, respectively issuing further convertible loans, and another one executed a merger. In addition, five of our companies received further milestone payments. Unfortunately, one investment had to be written off. All fresh financings were supported by the combined GLSV II funds. In June, an internal loan financing was provided to **Action Pharma A/S**. In April, **Nitec Pharma AG** executed a merger, with both shareholder groups committing additional capital. The merged company, named Horizon Pharma Inc., plans an IPO in H1/2011. Also in April, **NeurogesX Inc.** entered into a \$40 million royalty financing agreement with Cowen Healthcare Royalty Partners. In July, **IMI Intelligent Medical Implants AG** received additional financial support through an internal financing round and in December, **Agendia BV** extended its Series C round. In addition, several of our companies received revenues through upfront or milestone payments from external collaborations.

In addition to these financial events, some companies strengthened their management. In January, **Pieris AG** and **CombinatoRx Inc.** announced the hiring of new CEOs followed by **Action Pharma** in March. In June, **Pieris** added a new CSO to complete their management team.

Apart from these events, the following calendar confirms the important ongoing progress made within our portfolio that includes several potential stars:

In February, **7TM Pharma** announced the successful completion of a Phase I clinical trial with its second generation CB1 receptor antagonist against obesity and related metabolic disorders.

In March, **CombinatoRx** (renamed to Zalicus in September) announced that the FDA approved the New Drug Application (NDA) for Exalgo, for the management of pain in opioid tolerant patients. This approval also triggered a \$40 million milestone payment from Covidien.

In April, **Horizon Therapeutics** and **Nitec Pharma** announced their merger. The combined company, with focus on pain management, has two products in its portfolio, DUEXA® awaiting FDA approval and LODOTRA® already sold in Europe. **Santaris Pharma A/S** announced that it advanced its LNA SPC5001, directed against an important new target for the treatment of high cholesterol, into drug development.

In May, **Horizon Pharma** announced that its NDA for DUEXA®, for the reduction of the risk of development of upper gastrointestinal ulcers in patients with arthritis and pain, was accepted by the FDA for review, with the PDUFA date expected in the first quarter of 2011. In the same month, **7TM** received a milestone payment through its asthma/allergy research collaboration with Ortho-McNeil-Janssen Pharmaceuticals.

In June, **Nabriva Therapeutics** AG initiated a Phase II clinical trial of BC-3781 (a novel pleuromutilin antibiotic) in acute bacterial skin infections which was completed in December. **Action Pharma** obtained encouraging results in a phase IIa clinical trial with its lead development candidate, AP214, which is being developed for the protection from acute kidney injury in patients undergoing cardiac surgery. Also in June, **Pieris** initiated a Phase I clinical trial in cancer patients for its lead program, PRS-050 (anti-VEGF). This is the first time an Anticalin has been tested in man.

In September, **Nabriva Therapeutics** announced that its drug candidate BC-3781 can be used orally as well as intravenously for the treatment of skin and lung infections caused by MRSA and other bacteria with an attractive safety profile. **Santaris** advanced miravirsin (SPC3649), the first microRNA-targeted drug to enter clinical trials, into Phase II studies in treatment-naïve patients infected with the Hepatitis C virus. In the same month, **Pieris** signed a collaboration and license agreement with both Sanofi-Aventis and Sanofi Pasteur, under which Pieris will apply its proprietary Anticalin® technology to discover novel Anticalin drugs against multiple targets and receive an upfront payment of €3.5m.

In October, **Agendia** signed another contract with a leading insurance provider thereby reaching reimbursement for its MammaPrint test (prognostic breast cancer profiling) covering most of the insured lives in the USA.

In November, **NeurogesX** dosed the first patient in its Phase II clinical study of NGX-1998, a liquid formulation of high-concentration capsaicin, in patients with postherpetic neuralgia (PHN), as a follow-on product of its marketed Qutenza. In the same month, **Action** dosed the first patient in a phase IIb clinical trial being undertaken in the USA and Denmark with its leading drug candidate AP214. Also in November, **7TM Pharma** successfully completed a Phase I clinical trial, confirming that its drug candidate TM38837 against obesity/diabetes is restricted to the periphery of the human body, and therefore as a low probability of CNS side effects.

In December, **Agendia** demonstrated that its ColoPrint significantly improves prognostic accuracy over assessment solely based on pathologic factors in patients with stage II and III colorectal cancer.

Also at year's end, **Santaris** signed a \$600 million collaboration agreement, including a \$14 million upfront payment, with Pfizer Inc. directed to the development and commercialization of RNA-targeted medicines using Santaris' LNA Drug Platform. Furthermore, Takeda San Francisco and **Pieris** signed a drug discovery partnership agreement under which Pieris will apply its Anticalin® technology to deliver protein therapeutic candidates against predetermined targets.

These positive developments are a good basis for the anticipated potential exits over the next 24 months. However, the further development still bears risk and especially the ongoing constrained financial environment may negatively impact some of the companies. However, the above achievements are encouraging and give us the confidence to look forward to 2011.

Once again, we would like to thank you for your interest in Global Life Science Ventures and are looking forward to the continuation of our good relationship. Should you have any questions, please, do not hesitate to contact us at any time.

With kind regards,

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