

**CRX Conference**

**An Investor's Perspective**

**August 2008**

**Outline**

- **About Brandon**
- **Medical Research Commercialisation Fund (MRCF)**
- **An investor's perspective of Clinical Trials in Australia**
- **What make us 'nervous' and what can be improved**

**Brandon Capital Partners - Overview**

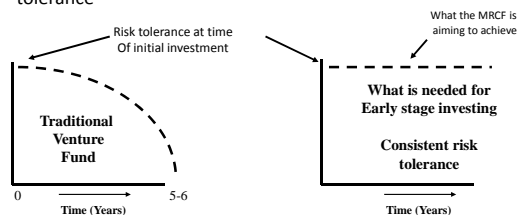
- **Dedicated life science venture fund manager**
  - Local team with international experience
  - "Footprint" on Australian emerging medical discoveries
- **Funds under management**
  - \$9 million in 3 fully invested PDF's
  - \$30 million in Medical Research Commercialisation Fund
  - \$50 million in Brandon Biosciences Fund 1 (BBF1)
- **In process of raising further \$30+ million into BBF1**

**Medical Research Commercialisation Fund**

- **MRCF is an early stage fund with a unique model**
  - 20 Medical Research Institutes as Members
  - Supported by Victorian, NSW and WA governments
  - Fund can invest into 'projects' to support 'killer experiments'
  - Board of MRCF controlled by Member Institutes
  - Member Institutes have 'carried interest' in fund
  - MRCF has 'first right of review' over technologies emanating from Member Institutes

**MRCF – Maintaining risk tolerance to do deals**

- Most venture funds are closed-end 10-year funds
- The MRCF is open-ended, or 'ever green', enabling it to continue to make early-stage investments and maintain a consistent risk tolerance



**MRCF – Broad and Growing Membership**

**NSW**

Garvan Institute  
 Victor Chang  
 Centenary Institute  
 Woolcock Institute

The George Institute  
 Hunter Institute  
 Heart Research Institute  
 Cancer Institute

**VIC**

Baker Institute  
 Bayside Health (Alfred)  
 Melbourne Health (Royal Melb)  
 WEHI  
 Centre for Eye Research

Burnet Institute  
 Peter Mac  
 Murdoch Children's  
 St Vincent's Institute  
 Deakin Institute of Biotechnology

**WA**

Western Australian Institute Medical Research  
 Telethon Institute for Child Health Research

## MRCF – Broad and Growing Membership

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St Vincent's Institute  
Deakin Institute of Biotechnology

### WA

Western Australian Institute Medical Research  
Telethon Institute for Child Health Research

### Queensland

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## Brandon - Business Model

- **Identify world class technology and its market opportunity**
- **Clearly add value to the technology/business**
  - Understand and fund to value adding milestones
  - Use 'hands on' experience to cost-effectively guide companies through development
  - Identify and manage the risks being taken
- **Sell it on in a timely manner**
  - Identify potential buyers
  - Understand what they will want and what they will pay
- **Focused team**
  - Life sciences only
  - Manage through preclinical and early clinical development (2a)

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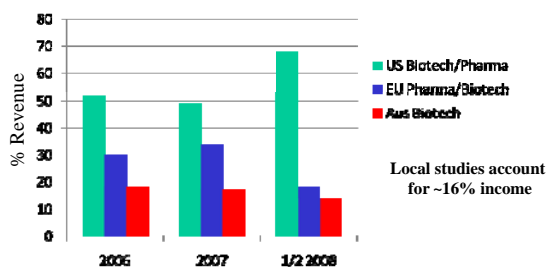
## Why do we care about local clinical capabilities?

- **We fund technologies through to early clinical efficacy**
  - Need confidence in timelines / budgets / access to patients
  - Aim to complete first in man and early efficacy studies in Australia – if feasible
- **In-house clinical expertise not always available**
  - Need CRO's, clinical consultants with international expertise
  - Need assistance in trial design, not just implementation

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## Do our clinical CRO's need a local industry?

Nucleus Networks income spread



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## Does our local biotech industry need a local clinical capability?

It is a small revenue source and local studies are often poorly funded with lower margins, but....

- **It is an essential component of a sustainable early-stage biotechnology industry**
  - Demand from US and EU pharma/biotech have enabled the development of a skilled, local clinical workforce
    - » Analogous situation does not exist for local biotech

A local clinical capability is a must, but there is room for improvement

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## Things That Keep Investors Awake at Night

### 1. Recruitment rates / access to patients

- Rarely do planned/promised recruitment rates match reality
- Cost to company can be significant – even terminal
- Accurate forecasting enables companies to budget appropriately

### 2. Local Ethics Committees

- Inconsistencies between ethics committees, both in composition and decisions made
- Impact on timing / cost to company can be significant
- Predictability needs improvement

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## So, what does local industry need?

- **Increased engagement at the early stage**
  - Local companies need assistance at the planning stage, not just trial implementation
  - A mechanism through which local industry can access clinical expertise, pre-investment
  - A willingness to engage with less prepared/experienced teams to help develop a clinical development path

**Q - How can this be achieved?**

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