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2 more startups pile on Bay Area life sciences IPO wagon

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Sickle cell drug developer **Global Blood Therapeutics Inc.** and allergy fighter Aimmune Therapeutics Inc. each are seeking \$115 million from initial public offerings, the companies said in regulatory filings.

Global Blood, based in South San Francisco, has made no secret of its desire to join the IPO party. CEO Ted Love said in January that the company hoped to go public by the end of the year, as its experimental sickle cell treatment emerged from early-stage studies in humans.

Aimmune, on the other hand, is a bit of a surprise. Then known as Allergen Research Corp., the Brisbane company raised \$80 million in March after a successful mid-stage study of an experimental treatment for peanut allergies.

Global Blood and Aimmune would be the seventh and eighth Bay Area life sciences IPOs this year as companies with early-stage or preclinical therapies continue to ride a three-year wave of renewed Wall Street interest.

At the same time, freshly christened public companies also continue returning to the market to bathe in the open cash spigot. In the first quarter alone, companies raised \$11.4 billion in 93 follow-ons, compared to \$11.7 billion raised in such offerings in all of last year.

One of the stars of the Bay Area life sciences IPO Class of 2014, for example, Atara Biotherapeutics Inc. of South San Francisco, this week priced the sale of another \$180 million of stock.

Many life sciences companies have little or no revenue for years, and investors have been scared away from the sector at times because it can take upwards of a decade and hundreds of millions of dollars to discover and develop a drug. Even then, companies face failure in human studies, rejection by the Food and Drug Administration or the prospect of a commercial flop.

For now, however, Wall Street is enamored with the life sciences, and Global Blood and Aimmune offer two examples why that is so. Simply put, their experimental drugs could reshape the way doctors and patients approach certain diseases.

Aimmune is going after a high-profile condition in food allergies. In fact, about 15 million people in the United States and 17 million in Europe have food allergies, the company has said. Those allergies typically are controlled by avoiding foods that trigger reactions or treating emergency exposures with epinephrine auto-injectors, such as EpiPens.

Still, there is no cure for the allergies.

Aimmune's lead treatment, called AR-101, combines standard, pharmaceutical-grade allergens with controlled dosing to desensitize patients. In a mid-stage trial, AR-101 desensitized all 23 study participants to at least 443



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Global Blood Therapeutics CEO Ted Love has had an IPO in the company's target at least since earlier this year.

milligrams of peanut protein. That level of allergen, the company said, exceeds the amount typically encountered in an accidental exposure.

Oral AR-101 last month was granted a "breakthrough therapy" designation from the FDA for children ages 4 to 17. That status potentially could slice months off the agency's drug-approval process.

Aimmune, led by Genentech and Chiron veteran Stephen Dilly, said in a Securities and Exchange Commission filing earlier this week that it would use its IPO haul to pay for a Phase III trial of AR-101. It also would use the money for development of other product candidates, working capital and general corporate purposes.

Thirteen-employee Aimmune expects to start the Phase III study of AR-101 in peanut allergy next year. It also is planning a mid-stage study of the drug against two other food allergies.

The company, founded in 2011, had cash and equivalents of \$65.3 million as of March 31. Its accumulated deficit, meanwhile, was \$21 million, according to its S-1 filing — a relatively small amount for an industry that burns through cash.

It raised \$80 million in March in a Series B round led by San Francisco's Foresite Capital and including Longitude Capital, Fidelity Management & Research Co., Aisling Capital, Adage Capital, RA Capital Management and Palo Alto Investors.

Its \$17 million Series A round in November 2013 was led by Longitude and included support from the nonprofit Food Allergy Research & Education Inc.

Investors with 5 percent or greater of Aimmune are Longitude, Aisling, Foresite, Fidelity, Food Allergy Research & Education, Explore Holdings LLC, co-founder and former CEO Dr. Bryan Walser, whose employment was terminated in April 2014, and Sunshine Charitable Foundation.

Global Blood, meanwhile, is going after a quiet killer in sickle cell disease. It is positioning its lead drug, GBT-440, to be a chronic, once-a-day treatment for a disease that warps red blood cells, leading to strokes, kidney failure and other conditions.

In sickle cell disease, named for the crescent shape of the affected red blood cells, the cells don't get enough oxygen. But GBT-440 is designed to link oxygen and hemoglobin, the protein that transports oxygen from the lungs to tissue.

Scientists have long known that sickle cell disease, which affects upwards of 70,000 people in the United States, is caused by a single genetic mutation. What's more, diagnostics have helped zero in on people at risk of developing the disease, largely people of African descent. But drugs typically have focused on symptoms of the disease, namely pain and infections, and flare-ups.

By changing red blood cells into a healthier shape, Global Blood leaders believe, they can stop progression of the disease.

In an SEC filing Wednesday, 47-employee Global Blood said it would use its IPO proceeds to complete its ongoing Phase I/II study and initiate a trial that could lead to the company seeking approval of GBT-440.

The company also wants to use the money to test GBT-440 as a treatment for hypoxemic pulmonary disorders, such as acute respiratory distress syndrome and the lung-scarring disease idiopathic pulmonary fibrosis. The money could also fund early human studies of a drug that inhibits kallikrein — enzymes that cleave peptide bonds in proteins — to treat hereditary angioedema as well as other expenses.

Global Blood was staked in 2012 by \$41 million from Third Rock Ventures, which still owns 63 percent of the company. It raised \$48 million in a Series B round that included RA Capital, Wellington Management Co LLP, Deerfield Management, Sabby Capital and Perceptive Life Sciences.

Fidelity owns more than 13 percent.

Among Global Blood's directors, former San Francisco Mayor Willie Brown controls 75,000 of the 5.8 million shares held by Global Blood executives and directors.

Former Massachusetts Gov. **Deval Patrick joined the board in April and has an option to buy 75,000 shares.**

Global Blood had cash and equivalents of \$45.8 million as of March 31 and an accumulated deficit of \$57.7 million.



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