TECHNOLOGY

BIOTECHNOLOGY INVESTMENTS’ LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO

Blue chip genes promise high returns

BY DAVID FISHLock, SCIENCE EDITOR

"OUR INTENTION is to seek a much higher than average return on the unquoted part of your portfolio within a three to seven-year time-scale." Lord Rothschild says in the second annual report of Biotechnology Investments. His report suggests that it is making good progress—indeed, it reads like a catalogue of the "blue chip" end of the spectrum of new biotechnology companies which have blossomed in the past few years.

Increase

With two-thirds of the £95m fund now invested, almost equally in quoted and unquoted biotechnology companies, it is showing a 25 per cent increase in net asset value per share on the year, and 33 per cent over two years.

Biotechnology Investments, set up on the initiative of Lord Rothschild, as an offshoot of N. M. Rothschild Asset Management, now has a portfolio of 31 investments in the UK, the US and Europe. All unquoted companies must still meet the strict criteria laid down by the directors. Lord Rothschild summarises the five rules as follows:

1. It must employ not only scientists of high calibre but also first-rate business managers, so that the team is "ready and able to establish a successful venture."

2. Its business plan should clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition.

3. Its potential rate of return must be in line with the risk being taken.

4. It must have a sponsor to act as lead investor and to accept responsibility for the venture. (Although the fund itself has been known to act in this role.)

5. The company must have plans for releasing the investment, normally through a public share issue.

In the year ending May 31, the fund received 82 investment proposals, of which 57 came from the UK, compared with 16 from Britain, three from Israel and one a piece from Belgium, Canada, Finland, France, West Germany and Ireland.

Of these, it chose three U.S. companies in which to invest: Catalytica, where the £1m invested will go mainly to support the use of enzymes in petrochemical processes; CW Ventures, a fund which invests in health care and immuno, a company with close links to Hoffman-La Roche and high hopes of leading the field with a treatment for AIDS (auto-immune deficiency syndrome).

Change

By this summer the scene had changed dramatically. No lower than four of the fund's investments have gone public in each case advantageously: Amgen, Applied Biosystems, Integrated Genetics and Immunex (see table). Mr. David Leathers, investment manager, says that the fund has no intention of selling companies which go public, but will still continue to apply the five rules by which they judged the original investment. Even so, he admits that the fund it did not expect so many of its unquoted investments to go public so soon.

Another dramatic change is the view the fund takes of British biotechnology investments. In the past Lord Rothschild has been forthright in expressing disappointment with the culture of companies coming forward with investment proposals. Other London finance houses have suggested that they see the need for a more creative approach in Britain, to produce packages appropriate to a situation, rather than passively judge a proposal as Biotechnology Investments has tended to do in the UK.

During the year the fund made its first-ever investment in an unquoted British company: It is also its biggest investment in this sector. The fund has £31m in Celtech, the company with an inside track to the

Coy

At the British prospects, the fund is coy for the moment. One that interests them is the Agricultural Genetics Company, set up this summer as a "spin-off" concern of Celtech, to exploit the plant genetics research of the Agricultural Research Council. As Biotechnology Investments see it, the new company has been very much funded by its three partners—British Technology Group, Advent and Ultramar—at the outset, until the investors see the first business plan. Then the partners and other investors will be invited to plume more heavily.

Two of the funds' older U.S. investments, Genetic Systems and Applied Biosystems, have just announced a joint venture in immunodiagnostics, to develop new diagnostic systems, one simple and inexpensive for "doctor's" surgeries; the other automated for clinics and hospitals.

These systems are aimed at the diagnosis of bacterial and viral infections, chronic illness, and cancer, cardiovascular and genetic diseases. Round at Rothschild, they see the move as an important one for both companies.

One further recent investment which excites the fund managers in the £1m they have pumped on Genzyme, a U.S. company set up to acquire Whistman Biochemicals in Britain. This company makes diagnostic enzymes. It has since bought Koch-Light Laboratories, another British company, making fine chemicals.

Genzyme plans to use those two US companies as a base for developing biotechnology interests. Biotechnology Investments see the company as actively British but driven by American entrepreneurial initiative.

[TRANSCRIPTION]

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Biotechnology Investments, set up on the initiative of Lord Rothschild, as an offshoot of N. M. Rothschild Asset Management. now has a portfolio of 31 investments, both big and very small. All unquoted companies must still meet the strict criteria laid down by the directors. Lord Rothschild summarises [sic] the five rules as follows:

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• Its business plan should clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition.

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In the year ending May 31. the fund received $2 investment proposals, of which 57 came from the U.S., compared with 16 from Britain, three from Israel and one apace from Belgium, Canada. Finland, France. West Germany and Ireland.

Of these, it chose three U.S. companies in which to invest: Catalytica. where the $lm invested will go mainly to support the use of enzymes in petrochemical processes; CW Ventures, a fund which invests in health care; and Immunex, a company with close links to Hoffman-La Roche and high hopes of leading the field with a Treatment for AIDS (autoimmune deficiency syndrome).

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Celltech, to quote brokers Scrimgeour, Kemp-Gee and Co. last month: “fulfills the main criteria necessary for mounting a successful operation in this fast-developing, highly-technical, field. The management team comprises both eminent scientists and sound commercial/financial managers and the company is able not just to make scientific discoveries but to scale-up, extract, purify, and market its products, as evidenced by its first product, the anti-interferon monclonal antibody.”

The current position, according to David Leathers, is that the fund is evaluating half-a-dozen British potential investments but has no new ones “on the front burner” from the U.S. If is, however, considering the investment of another $1m in Repligen, one of its first investments, which now needs more cash to help build a pilot fermentation plant.

<table>
<thead>
<tr>
<th>BIOTECHNOLOGY INVESTMENTS: UNQUOTED STOCKS</th>
<th>Equity interest</th>
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<tbody>
<tr>
<td>Advanced Mineral Technologies 25 U.S. Mining/ pollution</td>
<td>25</td>
</tr>
<tr>
<td>Agrigenetics 1.2 U.S. Seeds, etc.</td>
<td>1.2</td>
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<tr>
<td>Amgen (New public) 1.6 U.S. Health care, etc.</td>
<td>1.6</td>
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<tr>
<td>Applied Biosystems 7.4 U.S. Instruments</td>
<td>7.4</td>
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<td>Catalytica 10.4 U.S. Catalysis</td>
<td>10.4</td>
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<tr>
<td>Celltech 11.4 UK Health care, etc.</td>
<td>11.4</td>
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<tr>
<td>CW Ventures 3.1 U.S. Bio-funds</td>
<td>3.1</td>
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<tr>
<td>DNA Plant Technology 3.8 U.S. Plant science</td>
<td>3.8</td>
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<tr>
<td>Genetic Systems 2.5 U.S. Health care</td>
<td>2.5</td>
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<tr>
<td>Genzyme 5.6 A U.S./UK Diagnostics</td>
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Immunex (New public) 6.7 U.S. Health care
Integrated Genetics (New public) 4.5 U.S. Health care
Plant Genetics 9.1 U.S. Vegetable crops
Queue Systems 6.0 U.S. Laboratory equipment
Repligen 9.5 (Shortly to be increased) Health care and agri-science

Left [PHOTO OF LORD ROTHSCHILD LOOKING TO HIS LEFT AND POINTING HIS CIGARETTE-HOLDING FINGERS AT SOMETHING IN A SCOLDING MANNER]: Lord Rothschild—gathering together a wide range of biotechnology investments

Coy

Of the British prospects, the fund is coy for the moment. One that interests them is the Agricultural Genetics Company, set up this summer as a “country cousin” of Celltech, to try to exploit the plant genetics research of the Agricultural Research Council.

As Biotechnology Investments see it, the new company has been very modestly funded by its three partners – British Technology Group, Advent and Ultramar – at the outset until the investors see the first business plan. Then the partners and other investors will be invited to plunge more heavily.

Two of the funds older U.S. investments. Genetic Systems and Applied Biosystems, have just announced a joint venture in immunodiagnostics [sic], to develop two new diagnostic systems, one simple and inexpensive for doctors’ surgeries; the other automated for clinics and hospitals.

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Genzyme plans to use these two UK companies as a base for developing biotechnology interests. Biotechnology Investments see the company as virtually British but driven by American entrepreneurial initiative.

Financial Times, Friday, September 9 1983

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**TECHNOLOGY**

**BIOENGINEERING INVESTMENTS’ LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO**

**Blue chip genes promise high returns**

**BY DAVID FISHLOCK, SCIENCE EDITOR**

"OUR INTENTION is to move in a steady way as the average man—and average man abroad—has done in recent years. If we have to go a little faster in some areas, that's fine. We will do so. But we will not do it recklessly."

Lord Rothschild, in the second instalment report of Bioengineering Investments Ltd, the biotechnology investment company of Lord Victor Rothschild, summarises an annual report which is notable for its caution and discretion. The company is determined to maintain its reputation for prudence and prudence.

**Increase**

With two-thirds of the company's investments in new projects, almost entirely in a new and developing technology, it has been possible to increase turnover by 40 per cent on average since 1982. The company's net profit last year was £2.5 million, compared with £1.7 million in 1982.

**Technology**

Innovations in the biotechnology field, particularly in the area of genetically modified organisms, are driving a revolution in the production of medicines and other products. The use of genetically modified organisms allows for the production of new and improved medicines, such as insulin and human growth hormone, which can be tailored to the needs of specific patients. This technology is also being used to improve the efficiency of agricultural production, such as corn and soybeans.

**Change**

One of the major drivers of change in the biotechnology industry has been the rapid growth of the pharmaceutical sector. The demand for new and effective medicines has created a significant market for biotechnology companies. However, the industry has also faced challenges, such as the need to develop new and innovative products and the increasing cost of research and development.

**Criteria**

In evaluating potential investments, Bioengineering Investments Ltd focuses on several key criteria. These include the potential for回报, the strength of the management team, and the company's financial health. The company also considers the regulatory environment and the potential for scalability.

**Investment**

In the report, Lord Rothschild highlights several investment opportunities in the biotechnology sector. These include companies developing new therapies for diseases such as cancer and Alzheimer's, as well as those working on genetically modified crops and livestock.

**French correction**

In yesterday's article on the biotechnology industry, there was an error regarding the French company Genetech. The company is based in Paris, not Brest, as stated in the previous article. Some errors are noted to have been corrected in the current report.
Blue chip genes promise high returns

BY DAVID FISHLOCK, SCIENCE EDITOR

Lockheed noses out Rockwell for $2.5bn space shuttle deal

By William Hall in New York


SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday September 9 1983

Seagram slows down

By David Marsh in Paris

Aircraft, which made up 30.6 per cent of group turnover with sales of FF17,150m (E430m) in 1983, made up 30.6 per cent of group turnover with sales of FF17,150m (E430m) in 1983.

French aircraft maker Aerospatiale has already been involved in several joint ventures with aerospace companies, including the French-German Messerschmitt-Bolkow-Blohm (MBB) consortium.

Seagram, the Canadian liquor company, has announced that it will reduce its investment in the Chicago-based company.

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Heinz ahead in first quarter

By Our New York Staff

H. J. Heinz, the U.S. processed food manufacturer, raised its net profits for the first quarter to $40.7m, up from $38.2m in the year-ago period.

Net sales were up 6.2 per cent to $584m, compared with $548m last year.

The company said it expected the trend to continue in the second quarter.

The results were in line with expectations, said a company spokeswoman.

In video venture

By Louis Kehea in San Francisco

AT & T in video venture
Financial Times Friday September 9 1983

BERMUDA

British Colony is only 770 miles from America's eastern seaboard

Big U.S. influence on economy

TO MANY BUSINESSMEN, Bermuda is a British colony in name only, and the island's influence is now felt more at home in Washington, DC, than anywhere else. Throughout the 1960s, Washington was the capital of the international capital markets as the Island of British Towns in the United States. But that is no longer the case. Bermuda is increasingly linked to the US. The evidence is everywhere.

One example: The New York Stock Exchange, which is the world's largest stock exchange, has a significant presence in Bermuda. It is the home of the Bermuda Monetary Authority, which regulates the exchange. The Authority is responsible for ensuring that the exchange operates fairly and transparently. The Authority also regulates the exchange's brokers and dealers, ensuring that they act in the best interests of their clients.

The Authority is also responsible for enforcing the exchange's rules and regulations. It is also responsible for ensuring that the exchange's members comply with the relevant laws and regulations. It is also responsible for maintaining the order of the exchange, ensuring that transactions are conducted fairly and transparently.

The Authority is also responsible for maintaining the integrity of the exchange's market, ensuring that the exchange's products are of a high quality.

Another example: The Bermuda Monetary Authority, which regulates the exchange, is also responsible for ensuring that the exchange's members are properly licensed and regulated. This is an important aspect of the exchange's operation, as it helps to ensure that the exchange's members are acting in the best interests of their clients.

The Authority is also responsible for ensuring that the exchange's members are properly supervised, ensuring that they are operating in a manner that is consistent with the relevant laws and regulations.

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The Authority is also responsible for maintaining the integrity of the exchange's market, ensuring that the exchange's products are of a high quality.

In short, the evidence is clear: Bermuda is increasingly linked to the US. The evidence is everywhere.