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## ***GSK Paying \$33M Up Front***

# **Fragment-Based Platform Lands Another Early Stage Astex Deal**

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Last year's crumbling markets might have forced Astex Therapeutics Ltd. to delay plans for an initial public offering, but the Cambridge, UK-based firm is hardly hurting for cash, thanks to fragment chemistry-based discovery deal with GlaxoSmithKline plc.

The London-based pharma firm is paying Astex a hefty £20 million (US\$331 million) up front – £12.5 million in cash and £7.5 million in equity – with another £37 million milestone “triggered very early in the discovery stages,” said Harren Jhoti, CEO of Astex, which will be responsible for the initial fragment screening and lead discovery using its Pyramid fragment-based platform against targets identified by GSK.

After that, GSK will take over to optimize lead compounds and conduct further preclinical, clinical, regulatory and commercialization activities, while Astex is eligible for further milestones and tiered royalties on product sales. Specific targets and indications were not disclosed – neither was the specific number of compounds, though Jhoti said “a handful” – but if all compounds make it to market, Astex's end of the deal could total more than £300 million.

The GSK alliance is only the latest in a string of impressive early stage deals for the biotech company, and a sign that big pharma has taken notice of the fragment-based discovery approach, which has emerged in the last several years as a promising alternative to older high-throughput screening methods.

Last year, Astex licensed its fibroblast growth factor receptor inhibitor and reached a drug discovery agreement for two cancer targets with Janssen Pharmaceutica NV, a unit of New Brunswick, N.J.-based Johnson & Johnson. That potential \$500 million deal included \$37 million in up-front cash, equity investment and research funding. (See *BioWorld Today*, June 10, 2008.)

In 2005, the company inked a potential \$520 million partnership with Basel, Switzerland-based Novartis AG for three cell-cycle inhibitors, in another striking early stage deal that included \$25 million up front in cash and equity. Astex also has signed other deals over the years with AstraZeneca plc, Fujisawa and Schering AG, to name a few.

(See *BioWorld Today*, Dec. 7, 2005.)

Other firms in the fragment-based drug discovery space also have scored major partners. Graffinity Pharmaceuticals GmbH, of Heidelberg, Germany, for instance, has ongoing deals with the likes of AstraZeneca and Pfizer Inc., while Evotec AG, of Hamburg, Germany, is working on several fragment-based collaborations, including a recently signed agreement with Cubist Pharmaceuticals Inc. And last year, San Diego-based SGX Pharmaceuticals Inc. was bought out by Eli Lilly and Co. in a \$64 million deal.

But despite all the other players, Jhoti said Astex is “still ahead of the game,” pointing to the increasing financial terms for access to the firm's technology.

The Pyramid platform is designed to use X-ray crystallography to help visualize how fragments fit together to create small-molecule compounds that are smaller, more soluble and have a greater capability of hitting selected targets than those identified from traditional methods.

It's also applicable across multiple therapeutic areas, allowing the company “to use the platform to generate more shots on goal,” Jhoti told *BioWorld Today*.

In the meantime, Astex continues working on its own oncology-focused pipeline. The firm is developing AT13387, a heat-shock protein 90 inhibitor, which is in Phase I testing. It also has AT9283, a kinase inhibitor in a Phase I leukemia trial, and “we're seeing some early activity there,” Jhoti said.

A CDK inhibitor, AT7519, also is in Phase I. That compound was included as part of the Novartis deal, and the big pharma retains an option to license that candidate for further development.

Astex expects to bring additional products to the clinic, as well, with the funding from the GSK deal, which “gives us financial security to at least 2013,” Jhoti said. “We hope that the world markets will be much more positive in terms of an IPO in the next couple of years,” he added.

But the company's platform could still yield additional partnerships, given pharma's interest.

“We certainly have the option to do more deals,” he said. “We haven't maxed out our capacity at all.” ■

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