

## Dynogen Pharma gets \$50M B round

by Andrew Morse in San Francisco Posted 03:32 EST, 19, Apr 2004

Boston-based **Dynogen Pharmaceuticals Inc.** said Monday, April 19, it had secured a \$50 million B round of financing that it will use to further develop its neuroscientific approach to treating genitourinary and gastrointestinal disorders.

New investor **Schroder Ventures Life Sciences** of London led the financing, which included new investors **Abingworth Management Ltd.** of London, **Atlas Venture** of Waltham, Mass., **Medica Venture Partners** of Boston and **Wellcome Trust** of London. Returning investors **Oxford BioScience Partners** of Boston, **HealthCare Ventures LLC** of Cambridge, Mass., and **A.M. Pappas & Associates** of Research Triangle Park, N. C., also participated in the round.

The deal equals three other fundings as the fifth-largest VC financing of a biotech this year. Dynogen's deal is especially impressive given that it is a second-round deal with the size of a later-stage financing.

The size of the deal, as well as the blue-chip quality of the venture capital syndicate, underscore the attractiveness of Dynogen, as well as the broader allure of biotech investing. The sector is experiencing a minirenaissance that has opened the IPO window wide enough to allow 12 biotechs to sell shares to the public while venture capitalists have poured more than \$2 billion into the sector, according to the VCDeal.com database.

Dynogen's most advanced product, DDP200, treats overactive bladder, a condition that causes sufferers to urinate with abnormal frequency. Unlike current treatments — such as **Pfizer Inc.**'s Detrol, **Ortho-McNeil Pharmaceutical Inc.**'s Ditropan or **Watson Pharmaceuticals Inc.**'s Oxytrol — which treat the problem by addressing the bladder and the surrounding muscle groups, Dynogen's approach is to address the neurological basis for the problem. The approach, the company and its investors say, will yield a more effective product with fewer side effects.

"Historically, people have tended to treat these problems as organ-specific or muscular," said Michael Bigham, a partner at Abingworth Management. "There's no question that there is significant need now for better therapies."

Dynogen's lead product is expected to enter Phase 2a of clinical trials in the second half of this year. The company also expected to file an investigational new drug application with the U.S. Food and Drug Administration for another product, DDP225, for irritable bowel syndrome, later this year.

The field could prove to be economically rewarding amidst an aging population in Western countries. More and more people are expected to suffer from genitourinary and gastrointestinal disorders, and the market for new therapies could reach \$1 billion, said Dynogen's chief business officer, Robert Lorette.

Lorette said Dynogen will use the proceeds from the financing to help push existing products further through the development cycle, which requires more money as tests become more complex. He also said Dynogen will use some of the money to in-license drug candidates from other companies. Dynogen licensed DDP225 from **Mitsubishi Pharma Corp.** earlier this year.

Lorette indicated that Dynogen, which was founded by CEO and president Lee Brettman after he left **Millennium Pharmaceuticals Inc.**, would likely need more funding to complete its objectives, which include licensing one new compound per year for the next three years.

"Our strategy is to acquire compounds that have a strong, robust package that accompany them," Lorette said. "Success suggests that you will need more money."

The deal, which constituted an up round for the company, brings total financing in Dynogen to just over \$63 million. In October 2002 the company scored a \$13.25 million A round.