

### Translation

This text has been prepared in Danish and in English. In case of discrepancies, the Danish text will prevail.

## **Company Announcement No. 44/2007**

**12 November 2007**

## **Capinordic A/S acquires BioFund Management Oy - one of the leading Nordic managers within the life sciences**

### **Summary**

Capinordic A/S acquires BioFund Management Oy (BioFund) – one of the leading Nordic managers of life sciences investments. The acquisition is subject to the completion of a satisfactory due diligence review.

The acquisition of BioFund will make Capinordic A/S a notable provider of life science investment products. Future collaboration with the other Group subsidiaries will enable BioFund to expand its existing business substantially, and the existing subsidiaries of the Group will be able to offer investments in the very attractive life sciences market.

The acquisition price has been fixed at DKK 67 million, of which about DKK 23 million is payable in cash. The remainder is payable in 1,918,636 shares of a nominal value of DKK 0.50. The subscription price has been fixed at DKK 22.73.

### **Who is BioFund**

BioFund is the manager of the portfolios of a number of life science venture funds with a total commitment of EUR 198.4 million. Through these venture funds, BioFund has invested in 47 companies, mainly in the Nordic countries, but also in the rest of Europe and North America. Since its start in 1997, the portfolio has generated attractive returns from the investee companies and has accomplished many international exits. The current portfolio comprises 18 companies.

BioFund was founded in 1997 and has consistently applied its investing philosophy over periods with very fluctuating economic conditions.

As an investor, BioFund is very active and assists the investee companies in realising their growth strategies. Due to its in-depth experience in investments in the life sciences, BioFund is an internationally well-established and recognised adviser.

The company currently has 11 employees and recorded a profit before tax of EUR 870 thousand in 2006. Biofund has offices in Helsinki and Turku as well as in Copenhagen.

### **Diverse portfolio**

The portfolio is composed of a wide range of companies within the life sciences. The portfolio diversification is achieved by investing in different sectors and in companies at different growth stages, thereby diversifying the risk while optimising the earnings profile.

BioFund OY thus invests in medtech, cleantech, pharmaceuticals as well as nutrition.

The portfolio includes Egalet A/S, Exiqon A/S, Santaris A/S, BioTie Oy, Forchem Oy, Fibrogen Inc, Paratek Inc, Inion Ltd and many other small companies such as Chempaq A/S, Ilochip A/S, FIT Biotech Oy, Cellartis AB and SpinX Inc.

Moreover, the diversification of the portfolio makes it possible to exploit market developments when choosing an exit strategy.

Exits among BioFund's former investments include seven international 'trade sales', six international IPOs and five mergers. In addition, the very active investment policy of BioFund has generated a number of spin-offs and turn-arounds for the portfolio companies.

In accordance with IFRS 3, BioFund will become included in the consolidated financial statements as from the date of closing. Accordingly, Capinordic finds no reason at present to revise the Company's announced expectations of a profit before amortisation, depreciation, impairment and tax at a level of DKK 150 million.

#### **Launch of BioFund Ventures IV**

At the end of 2008, BioFund will launch the fund BioFund Ventures IV. In that connection, BioFund expects to raise mandates for up to EUR 150-200 million.

The fund is expected to invest in a total of 10-15 companies, initial investments ranging between EUR 2 million and EUR 6 million. The investment profile will be as follows:

- MedTech: 20-40%
- Cleantech: 20-40%
- Pharma: 20-40%
- Nutrition: 5-10%

50-80% of which will be invested in Nordic companies. The annual return is expected to average 25%.

#### **Life sciences and venture funds**

As BioFund has advised almost 50 portfolio companies, BioFund is today internationally recognised and has established a considerable European network. BioFund may be classified as one of the leaders within life sciences investments in the Nordic region.

Life sciences investments are characterised by an attractive risk/return profile. Denmark and the other Nordic countries have a strong position within the life sciences. The market is expected to show notable growth in the coming years, both within prevention and treatment. This expectation is based primarily on the increase in lifestyle diseases and the ageing population. Expectations of the development in the cleantech field are based on the climate development seen and the general market trend within renewable energy.

In the coming years, the venture fund sector, particularly within life sciences funds, is expected to undergo consolidation. In this consolidation process, BioFund will have a strong position both by virtue of being a Nordic market leader and through its comprehensive European network and by the strengthening expected to result from the integration in the Capinordic Group.

#### **BioFund in Capinordic**

BioFund will be included in the Capinordic Group as a subsidiary. The company will continue its business concept and retain its existing management, and the powers of decision, etc., will also remain with BioFund.

The acquisition of BioFund will make Capinordic A/S a notable provider of life science investment products. Future collaboration with the other Group subsidiaries will enable BioFund to expand its existing business substantially, and the existing subsidiaries of the Group will be able to offer investments in the attractive life sciences market.

In addition to a substantial deal flow, the Capinordic Group can offer BioFund further corporate finance expertise in connection with the implementation of portfolio investments and in exiting the investments.

As BioFund is today an internationally recognised investor within the life sciences, the Capinordic Group, with BioFund as part of its product range, will establish a landmark in Scandinavia within investments in the life sciences.

### Acquisition price

The acquisition price has been fixed at DKK 67 million, of which about DKK 23 million is payable in cash. The remainder is payable in 1,918,636 shares of a nominal value of DKK 0.50. The subscription price has been fixed at DKK 22.73 and has been calculated as a weighted average of the market price from 26 October until 8 November 2007, both days included.

The acquisition comprises 100% of the voting rights in BioFund and 25% of the 'Carried Interest Shares' of the company. To enhance the incentive to maintain the positive development in BioFund among the selling shareholders, it has been agreed that the shares paid as part of the acquisition price will be subject to a three-year lock-up period, the shares being released in three portions of one third once a year. It has further been agreed that the seller will receive between DKK 7 million and DKK 22 million in accordance with performance-dependent set goals.

### Capital increase

As part of the completion of the agreement, the Supervisory Board of Capinordic A/S will exercise the authority granted at the Company's extraordinary general meeting on 20 June 2006 to issue the new shares related to the acquisition of BioFund by way of non-cash contribution. Upon registration of the above non-cash contribution, the total share capital will amount to DKK 60,404,448 divided into 120,808,896 shares of DKK 0.50 each, corresponding to an aggregate increase of the Company's nominal share capital of 1.61%. The share capital of the Company will develop as follows:

|  | Before capital increase                         |                   | After capital increase                          |                   |
|--|---|-------------------|---|-------------------|
|  | Number of shares at a nominal value of DKK 0.50 | Voting rights (%) | Number of shares at a nominal value of DKK 0.50 | Voting rights (%) |
| Keops A/S *                                | 14,794,018                                      | 12.44%            | 14,794,018                                      | 12.25%            |
| SL Nordic Holding ApS *                    | 8,728,366                                       | 7.34%             | 8,728,366                                       | 7.22%             |
| Erik Damgaard Portefølje Invest A/S a.o.** | 8,126,924                                       | 6.84%             | 8,126,924                                       | 6.73%             |
| Synerco ApS *                              | 7,737,598                                       | 6.51%             | 7,737,598                                       | 6.40%             |
| Bryde Gruppen ApS ***                      | 7,739,540                                       | 6.51%             | 7,739,540                                       | 6.41%             |
| NCap ApS ****                              | 7,230,700                                       | 6.08%             | 7,230,700                                       | 5.99%             |
| DKA Consult ApS a.o.*****                  | 6,611,787                                       | 5.56%             | 6,611,787                                       | 5.47%             |
| Others*****                                | 57,921,327                                      | 48.72%            | 59,839,963                                      | 49.53%            |
| <b>Total</b>                               | <b>118,890,260</b>                              | <b>100.00%</b>    | <b>120,808,896</b>                              | <b>100.00%</b>    |

\*According to the most recent notice concerning major shareholders.  
\*\*Erik Damgaard Nielsen of the Supervisory Board is a shareholder and the CEO of the company. A.o. comprises related persons.  
\*\*\*The company is owned by Steen Bryde, Executive Manager.  
\*\*\*\*The company is owned by Ole Vagner, member of the Supervisory Board.  
\*\*\*\*\*The company is owned by Lasse Lindblad, CEO. A.o. comprises DKA Invest ApS, which is part of the DKA Group. The DKA Group is owned by Lasse Lindblad, CEO.  
\*\*\*\*\* Shareholders owning less than 5% of the share capital of the Company.

The capital increase is effected through the partial exercise by the Supervisory Board of the authority provided in Article 8 of the Company's Articles of Association, according to which the Supervisory Board is authorised, until 20 April 2012, to carry out one or more increases of the share capital by subscription for new shares of up to a nominal amount of DKK 25,000,000, corresponding to 50,000,000 shares of DKK 0.50 each.

After implementation of the issue, the Supervisory Board is thus authorised to increase the share capital by up to a nominal amount of DKK 9,377,935.

The new shares carry the same rights as the other shares and accordingly entitle their holders to dividends and other rights in the Company (cf. Article 8 of the Articles of Association) from the date of registration of the share capital increase with the Danish Commerce and Companies Agency. An application for admission of the new shares to trading on the OMX Nordic Exchange Copenhagen in accordance with the relevant rules will be submitted after the capital increase has been registered with the Danish Commerce and Companies Agency.

The capital increase is carried out without any pre-emptive rights for existing shareholders.

**Time schedule**

The acquisition is subject to a satisfactory due diligence review, which is expected to be completed before 21 December 2007.

The shares to be issued as part of the payment of the acquisition price will be sought admitted to trading on the OMX Nordic Exchange Copenhagen as soon as possible.

Yours sincerely

Lasse Lindblad  
CEO

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