



Foreign Investments in Israeli Life Science Companies

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■ Background

2007

- US\$ 351M raised by Israeli Life Science companies.
- 20% of total investments in Israeli High-Tech companies.
- 24% of the investments by local VCs.

2008

- Q1- Increase in investments in Life Science companies.

■ Review of selected investments in 2008

Company	\$m	Round	Sector*	Stage**	Investors
superDimension	18	Sixth	LS	IR	Orbimed advisors, CIBC, Pfizer's Investment arm; Previous investors Pitango, Oxford, Bioscience, Mi3
Tulip	6	First	LS	R&D	Agate, Canadian Investors
CheckCap	5	First	LS	Seed	Pontifax
ReDent Nova	2.5	Second	LS	R&D	Infinity, Tech-Me, Athena
Althera	2.5	Second	LS	R&D	US private investors
EnzySurge	2	Fourth	LS	R&D	MobilEye executives
ConjuGate	1.8	First	LS	R&D	Hadasit Bio-Holdings
BioKine	1.5	Third	LS	R&D	Clal Biotechnology, Shmuel Cabilly, Life Science Holdings
Optimata	1.5	Second	LS	IR	private European Investors
Coolplant	8.3	[not first]		R&D	Pontifax, Israeli fund European fund and Private investors
Ventor Medical	13	Third		R&D	Medica, Medtronic, Pitango

*LS= Life Sciences,

**IR= Initial Revenue, RG= Revenue Growth

Most data taken from IVCJ, May 2008 Vol.

■ Analysis

- Israeli investors are main participants in seed investments and first rounds.
- Foreign investors, mainly US, enter following the first round.
- Local VCs usually participate in following round(s).
- Lead investor – depends on the deal structure.

■ Examples:

■ Transaction A:

- First investment round (following a seed round).
- Investment by Israeli and foreign investors.
- Investments in **two equal parts**.
- **All shares issued upfront**.
- **Veto rights** on additional investments under the round.
- All investors were **represented by the same lawyer**.

■ Examples:

■ Transaction B:

- Company had previous investments.
- Israeli and US investors.
- Linking some of the investment to **future success**.
- Cooperation between Israeli and foreign investors **with regards to the due diligence issues**.
- Israeli Investor took the lead.
- **Company received requests from US investors to join the round.**

■ Current effects on local industry

- No capital markets.
- Slow down in the US: 8.5% decrease in VC investments in Q1 2008 in comparison to Q4 2007.
- US VCs move towards investments in medical devices.
- US and Israeli VCs are raising money.
- Lack of transparency and legal issues of Israeli government.
- Need for substantial investments and lack of local resources.

■ Current Trends

- Investments in Israeli Life Science companies continue.
- Investors are cautious- smaller investments, longer time to commit, collaborations between domestic and foreign investors, focus on medical devices.
- Companies become more efficient.
- Lack of public market opportunities increases need for investments.
- Good investments and M&A opportunities.
- Cooperation between Israeli government and foreign entities (GE, Switzerland).



THANK YOU!