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Biotech company hits crowdfunding record for life sciences

Andrew Ward, Pharmaceuticals Correspondent



A Welsh biotech company founded by a Nobel laureate has claimed a UK record for crowdfunding in the life sciences sector after raising almost £700,000 in a scheme that could provide a new model for financing medical research.

The money will be used to advance a heart disease treatment pioneered by Sir Martin Evans, who won the 2007 Nobel Prize for Medicine for a breakthrough in stem cell research.

Cardiff-based Cell Therapy, whose directors include Lord Digby Jones, former UK trade minister, said the £691,000 raised was among the largest crowdfundings by a drug development company anywhere in the world.

It is the third crowdfunding in European healthcare in the past week after EyeBrain, a French medical diagnostics company, raised €1.3m and Parkure, a Scottish start-up researching Parkinson's disease, collected £60,000.

Ajan Reginald, executive director and co-founder of Cell Therapy, said the company turned down offers from venture capital funds in favour of equity crowdfunding. Some 300 people made investments from £37 to £108,000 through the Crowdcube web platform in return for shares.

“We wanted to experiment with a different model,” said Mr Reginald, a former executive at Roche, the Swiss drugs group. “Regenerative medicine of the kind we are working on is going to change medicine for everyone and this provides a way for anyone to take a stake in it.”

Cell Therapy, whose directors include Rhodri Morgan, former Welsh first minister, has completed successful mid-stage trials of its treatment, which aims to repair muscle damage caused by heart attacks.

The new investors will collectively own just under 1 per cent of Cell Therapy, implying a valuation of £75m for the company. This leaves Sir Martin and other founding investors with more control than if they had received venture capital.

Barry James, founder of the Crowdfunding Centre, a research group, said there was potential to tap funding from people affected by a particular disease who wanted to help find a cure. “This could be a way to address market failures,” he added.

However, exposing small investors to the high failure rates associated with biotech could increase concern about the risks involved in alternative finance such as crowdfunding and peer-to-peer lending. The Financial Conduct Authority last week voiced alarm over crowd funders giving a “misleading or unrealistically optimistic impression” of investments.

Mr Reginald said most of Cell Therapy's new investors were people with financial experience and he had met a third of them before they had committed money.

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