

Press Release

Zug, 31 January 2013

HBM Healthcare Investments Quarterly Report December 2012

The last two weeks of the year just ended brought us success and disappointment in quick succession. While Novartis acquired the British portfolio company Vivacta Limited at a price well above our book value in mid-December, we were forced to write down our holding in US company Lux Biosciences in full shortly before the end of the month owing to unsatisfactory results from a key phase-III trial.

Combined with slightly lower share prices for our public portfolio companies, and the modest depreciation of the US dollar against the Swiss franc, these events resulted in a 6.3-percent decline in net asset value (NAV) per share to CHF 57.77 at the end of the quarter.

This compares with a 3.2 percent increase in net asset value per share over the twelve months of calendar 2012. The share price advanced by 16 percent over the same period, to close December at CHF 46.40. Share performance is therefore in line with that of a number of share indices, such as the SMI (+15%), the SPI (+ 14%), and the MSCI World Health Care Index (+ 12%) in Swiss franc terms.

Private companies

In December, Novartis acquired the British diagnostics company Vivacta Limited for a total of USD 90 million. HBM Healthcare Investments had invested GBP 4.1 million in Vivacta since November 2007, and held 17 percent of the company. The sale generated proceeds totalling USD 14.5 million, which is 2.2 times the capital originally invested.

In October, US research company Nereus Pharmaceuticals sold one of its two oncology programmes. The company received a USD 17.5 million advance for the deal, and will be entitled over the coming years to success based milestone payments which could be as high as USD 155 million. HBM Healthcare Investments has invested a total of USD 16.1 million in Nereus since 2004, and holds a stake of 17 percent. The deal resulted in a modest upward revaluation in our holding during the quarter under review, to USD 4.8 million at the end of December 2012. As the company is wound up, HBM Healthcare Investments will receive around USD 2.2 million in cash in

NOT FOR DISTRIBUTION IN USA, CANADA, JAPAN OR AUSTRALIA

HBM Healthcare Investments

the first quarter of 2013. The achievement of future milestones could generate returns of up to a further USD 30 million over the current decade, if the planned studies deliver the target results.

Just before the end of the year, Lux Biosciences suffered a disappointing setback with its primary development candidate Luveniq™ – an agent to treat the non-infectious inflammatory eye disease uveitis. The additional phase-III trial demanded by the US Food and Drug Administration produced a very high placebo response rate, and was thus unable to confirm the positive findings of the initial phase-III trial. This means that the application for regulatory approval for the drug, which was submitted in 2010, cannot be completed successfully at present. The company's future is now uncertain. HBM Healthcare Investments has booked a value adjustment on its stake in Lux over the amount of USD 24 million.

The valuation of Cylene Pharmaceuticals was also adjusted downward by around USD 2.4 million owing to the conditions which are expected to apply to a forthcoming financing round.

Public companies

There was little change in HBM Healthcare Investments' portfolio of public companies during the quarter just ended. The market valuations of Basilea Pharmaceutica and ChemoCentryx each declined by around 6 percent, while those of Pacira Pharmaceuticals and Swedish Orphan Biovitrum remained more or less the same.

Basilea announced in mid-December that it had completed patient recruitment as planned for a phase-III trial of Isavuconazol®, an anti-fungal agent which is being developed in association with the Japanese company Astellas. The results of the trial are expected in the third quarter 2013.

At Pacira, marketing activities for the long-acting analgesic Exparel™, which had its market launch in April 2012, are proving as successful as expected.

Outlook

The coming twelve months will see a number of events that will influence the value of HBM Healthcare Investments. In the public portfolio, ChemoCentryx is expecting important study results. Basilea will learn whether or not its Ceftobiprole® antibiotic will be approved for sale in Europe, and is also scheduled to publish phase-III data on Isavuconazole®. At Pacira, Investors will continue to focus on the sales performance of Exparel™. In the private portfolio, Forest Laboratories will decide in the first half of the year whether or not to exercise the purchase option for Nabriva Therapeutics. A number of the companies in the portfolio are also well positioned for an IPO or a trade sale.

HBM Healthcare Investments Ltd

NOT FOR DISTRIBUTION IN USA, CANADA, JAPAN OR AUSTRALIA

HBM Healthcare Investments

You will find the online version of the Quarterly Report as at 31 December 2012 on the HBM Healthcare Investments website www.hbmhealthcare.com.

For further information, please contact Dr Andreas Wicki, CEO, HBM Healthcare Investments Ltd, tel.: +41 41 768 11 08, andreas.wicki@hbmhealthcare.com.

Profile of HBM Healthcare Investments Ltd

HBM Healthcare Investments invests in the healthcare sector. The Company holds and manages an international portfolio of some twenty five promising companies in the biotechnology/human medicine, medical technology and diagnostics sectors. Many of these companies have their lead products already available on the market, or at an advanced stage of development. The focus of investment is on follow-on financing for existing portfolio companies. These portfolio companies are closely tracked and actively guided on their strategic directions. This is what makes HBM Healthcare Investments an interesting alternative to investing in big pharma and biotech companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

Disclaimer

This media release does not constitute an issue prospectus within the meaning of Art. 652a or Art. 1156 of the Swiss Code of Obligations, a listing prospectus in the sense of the SIX Swiss Exchange Listing Rules or a securities prospectus as defined in the German Securities Prospectus Act (Wertpapierprospektgesetz). Publication is for information purposes only and constitutes neither an offer to sell nor an invitation to buy or subscribe for securities. This media release and the information it contains must not be distributed or forwarded to or within the United States of America (USA) or to US persons (including legal entities) or publications with a general circulation in the USA. This media release does not constitute an offer or invitation to purchase any securities in the USA. The securities of HBM Healthcare Investments have not been registered under United States securities legislation and may not be offered, sold or delivered within the USA or to US persons without prior registration or the corresponding exemption from the registration requirements of US securities legislation.

HBM Healthcare Investments Ltd

Bundesplatz 1 CH-6300 Zug | Tel: +41 41 768 11 08 | Fax: +41 41 768 11 09 | info@hbmhealthcare.com
www.hbmhealthcare.com