

Media Release

Zug, 2 July 2014

Paratek Pharmaceuticals signs merger agreement with NASDAQ-listed Transcept Pharmaceuticals

Paratek Pharmaceuticals, a privately-held company in the portfolio of HBM Healthcare Investments, and Transcept Pharmaceuticals (Nasdaq: TSPT) announced yesterday that they have entered into a definitive merger agreement providing for the combination of Transcept and Paratek in an all-stock merger transaction resulting in a U.S. publicly-listed biopharmaceutical company with a novel oral and intravenous antibiotic drug candidate ready for Phase-III clinical testing.

In a separate announcement also released yesterday, Paratek reported it has secured approximately USD 93 million in capital commitments in a private placement to close immediately prior to the completion of a proposed merger with Transcept. In addition to HBM Healthcare Investments, the lead investors in the Paratek financing include The Baupost Group, Abingworth LLP, Omega Funds, InterWest Ventures, Roumell Asset Management, Aisling Capital and other institutional investors. The newly combined company will be further capitalized by approximately USD 18 million in additional cash expected to remain on Transcept's balance sheet as of the closing of the proposed merger.

Michael F. Bigham, Partner at Abingworth LLP, has been appointed Chairman of the Board of Directors and Chief Executive Officer of Paratek and will assume the same role in the combined company following closing of the proposed merger. Mr. Bigham has more than 25 years of senior leadership experience in the biopharmaceutical industry.

HBM Healthcare Investments invested USD 9.3 million in Paratek since 2001 (current book value is USD 5.7 million) and has committed to invest an additional USD 9.5 million in the new financing. After completion of the proposed transactions, HBM will be among the largest stockholders' of the combined company with an expected ownership stake of approximately 11% immediately following the closing of the proposed transactions. The proposed transactions, which are expected to close later this year, will increase the book value of HBM Healthcare Investments' pre-existing investment in Paratek by approximately USD 5 million.

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HBM Healthcare Investments

Cooley LLP served as the legal counsel to HBM Healthcare Investments.

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About Paratek

Paratek is a pharmaceutical company focused on the development, and commercialization of innovative medicines. Paratek's lead product candidate, omadacycline, is a novel tetracycline-derived, broad-spectrum antibiotic being developed in both oral tablet and intravenous formulations for use as a first-line monotherapy antibiotic for acute bacterial skin and skin structure infections (ABSSSI), community-acquired bacterial pneumonia (CABP), urinary tract infections (UTI) and other serious community-acquired bacterial infections, especially when antibiotic resistance is of concern to prescribing physicians. Omadacycline has received Qualified Infectious Disease Product (QIDP) designation by the U.S. Food and Drug Administration for both the oral and intravenous formulations in all three of these infectious disease categories. Omadacycline has Special Protocol Assessment agreements with the U.S. Food and Drug Administration for the phase 3 trials planned in ABSSSI and CABP.

Paratek's second product candidate, WC 3035, is a novel tetracycline-derived compound, with dual narrow-spectrum antibacterial and potent anti-inflammatory activity, for the treatment of acne and rosacea in the community setting. Paratek has licensed rights to WC 3035 for the treatment of acne and rosacea in the United States to a subsidiary of Actavis (formerly Warner Chilcott), while retaining rights in the rest of the world. Actavis is responsible for the clinical development of WC 3035 for the treatment of acne in the United States. A phase 3 program in moderate-severe acne is expected to be initiated in the second half of 2014 for WC 3035.

About Transcept

Transcept Pharmaceuticals, Inc. is a specialty pharmaceutical company focused on the development and commercialization of proprietary products that address important therapeutic needs in the field of neuroscience. Transcept's lead product candidate is TO-2070, a novel rapidly absorbed treatment for acute migraine incorporating dihydroergotamine (DHE) as the active drug, which Transcept has developed through the completion of preclinical safety studies but has not initiated a Phase 1 human pharmacokinetic study. Preclinical data suggest that TO-2070 may offer significant migraine treatment benefits beyond those provided by less convenient and more invasive DHE drug delivery methods, such as injection, liquid nasal sprays or pulmonary inhalation.

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Information on HBM Healthcare Investments Ltd

HBM Healthcare Investments invests in the healthcare sector. The Company holds and manages an international portfolio of some 25 promising companies in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas. Many of these companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided in their strategic direction. This is what makes HBM Healthcare Investments an interesting alternative to investments in big pharma and biotechnology companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

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