

Emerging Drug Developer: Allostera Pharma

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Allostera's virtual reality rewarded with hard cash

Like a lot of biotechs, Allostera Pharma got off to a slow start on a shoestring budget.

Founded in Montreal in 2005, the developer set out to advance the research work of Dr. Sylvain Chemtob and one of his student's, Christiane Quiniou, undertaken at an affiliated hospital of the University of Montreal. Initially the company subsisted on "grants and a little convertible debt," says CEO Mark Kaufmann.

Last week, though, Allostera's fortunes were fattened by a \$17 million (Canadian) venture round. And the developer's timetable has shifted to the fast lane with a clear focus on an important goal: gaining proof-of-concept data to back up their development platform as a reliable source of oral therapeutics that can target a range of indications--beginning with inflammation.

"The hope is that we can very quickly prove the value of this to the industry, and I think it's really out-of-the-box technology," says Kaufmann, who last helmed Celmed BioSciences before Kiadis acquired the company. "We want to get the lead product--APG2305--to a clinical trial focusing on safety but also on some biological effects. And we'll try to get another product into Phase 0 in humans.

"They're very short peptides," he says about Allostera's drug programs. "The body can't break down the peptides, they're more stable--particularly in the gastrointestinal tract."

Working with the three-dimensional structure of a target receptor, Allostera believes it can synthesize peptides-dubbed Allosteramers--that can control the receptors' signal. Essentially, he adds, the company believes it can develop therapeutics that have the specificity of an antibody but which are also orally bioavailable.

"Because the Allosteramer binds to an area of the receptor engineered to be different from the binding site of the natural ligand (i.e. by definition an "allosteric" site), it often does not interfere with the binding of the natural ligand, but only interferes with the signal," notes the company's Web site (allostera.com). "This results in an inhibitor which is "non-competitive" with the natural ligand (or "allosteric"). The resulting agent will block the signal even in the presence of high levels of natural ligand. This factor may be a key advantage in the efficacy of Allosteramers, especially against receptors that respond to high local levels of natural ligand or cytokines in the body (such as the IL-1 receptor)." Adds Kaufmann: "Our lead program is against the IL23 receptor (which plays a role in psoriatic arthritis, psoriasis, Crohn's disease, rheumatoid arthritis and dozens of other diseases), and that's one of the one of the hottest targets in autoimmunity.

"I think there's a potential to be more convenient for administration," he adds. "Orally available therapies compared to injectables have a whole different market profile." The drugs also have the potential to be safer and more efficacious.

It's a big target for a company with an official employee roster of one.

"Right now it's quite virtual," says the CEO. "I'm the only official employee. We also have four soon-to-be employees. And we'll be five to 10 people in the first two years."

Four venture groups--iNovia Capital, Genesys Capital, BDC Venture Capital with GO Capital, and Fonds Bio-Innovation s.e.c.--joined forces in the latest round.

"I think it's not any worse than the rest of the world," Kaufmann says about the climate for venture negotiations in Canada. "The advantage of Canada for us is that it's local. The members of the syndicate knew each other, and we could get it done relatively smoothly." But the CEO would also like to lure some U.S. venture capital north to Montreal at some point.

In the meantime, near-term partnerships would help add cash to help fuel Alloster's research work.

"I think we'll probably partner some of our programs," says the CEO. "The reason this is exciting for investors is that there's a potential for exit in a not too-long a period of time. If we show that the platform is broadly applicable against nearly any target we choose, orally bioavailable, that the platform is similar in importance to RNAi and other technology platforms that will hopefully spark the interest of the pharma companies."

And that kind of attention could lead to a sale of the company in the not too distant future.