

A new reality for Immunocore



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A private raise should crystallise what was already known to have been a valuation comedown for Immunocore and its troubled investor Neil Woodford.

That Immunocore is trying to raise money should not shock anyone familiar with the past two years' goings on at this private UK biotech. The bigger surprise is how the group has managed to last this long without going back to investors.

Immunocore famously burned through most of a record \$320m series A raise with little to show for it beyond an interesting scientific idea and the defenestration of its chief and several other key executives. There will no doubt be disappointment that its reported £100m (\$124m) raise is not a flotation, and that it is a major down round, but in reality the writing had been on the wall for some time.

In May one of Immunocore's key backers, the beleaguered UK financier Neil Woodford's Woodford Patient Capital Trust (WPCT), was [forced by financial regulators to cut the carrying value](#) of one of its unquoted holdings. That holding was widely assumed to have been Immunocore.

Seeking deals

Immunocore is known to have been seeking new funds for some time. In early 2018 it was believed to have been about to close a raise billed as its last private round and a bridge to a public listing; but *Vantage* understands that this was aborted when its conditions - that Immunocore curtail its cash binge and cut staff - proved unpalatable.

This triggered an exodus of senior Immunocore executives and other staff ([Amid Immunocore's C-suite bloodletting Glaxo provides solace, August 20, 2018](#)). The group's interim chief executive, Andrew Hotchkiss, then secured term sheets for a series B raise, understood to have been for about \$200m at a \$900m valuation, but this too did not come off.

It seems that an [early-stage deal with Roche](#), worth \$100m in up-front and near-term milestones, bought Immunocore breathing space. Without it the company's cash runway would have extended only until the first quarter of this year, *Vantage* understands.

Still, with Immunocore employing over 400 staff - a high number for a group with two partnered clinical assets - new money had to be found, setting the stage for the £100m round the company is now well on the way to closing under its new chief executive, Bahija Jallal, [according to the UK's Telegraph newspaper](#); £60m is understood to be coming from General Atlantic, a New York fund.

But Immunocore's new money might not simply be put towards yet more research hires in the hope of striking early deals with big up-front fees. Rather, if the group's new investors are familiar with biotech, they will insist on Immunocore providing hard clinical evidence that its soluble T-cell receptor technology has a commercial future.

Immunocore today said it had no comment on its financing plans.

What value?

In June 2018, the last time this was revealed, the WPCT stated that its 6.7% Immunocore stake was worth £48.2m, implying a valuation for the private biotech of around £720m. The fact that Immunocore's private raise has to be done at £500m, according to the Telegraph, reflects the new reality revealed by June's valuation cut.

For Mr Woodford this spells more bad news: withdrawals from his flagship Equity Income Fund were frozen this year, triggering a fire sale to realise cash from its holdings, accompanied by panic selling among other investors ([The Woodford snowball gathers pace, June 7, 2019](#)).

Just this month the WPCT's biggest private holding, [Benevolent AI, raised cash at half its \\$2bn carrying value](#), causing WPCT's net asset value to be slashed by 4%. A 19% stake in the public biotech Autolus, meanwhile, was [offloaded to the Czech investor PPF](#).

If this is all yet another sign of the slow implosion of Mr Woodford's empire, it should not detract attention from the fact that Immunocore's star as a darling of UK biotech has faded. The pressure is on for it to deliver transformational clinical data.

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