

Shorenstein has biotech FibroGen on hook for Mission Bay

San Francisco Business Times - August 4, 2006

by J.K. Dineen

South San Francisco-based FibroGen has signed a letter of intent to lease more than half of the 450,000-square-foot waterfront life science complex Shorenstein Properties is preparing to build in Mission Bay.

If finalized, the lease would represent the largest private biotech company to move into Mission Bay and would be a major coup for the neighborhood's fledgling life science campus. Two other companies, Sirna Therapeutics and FivePrime Therapeutics, have moved to Mission Bay. FivePrime subleases space at the Gladstone Institutes building and at the end of the year Sirna will move most of its workers from Colorado to 40,000 square feet in Alexandria's 1700 Owens St. building.

Under the pending deal, FibroGen would take 239,000 square feet at 409 Illinois St., and would have an option to expand into the adjacent 499 Illinois St. building, according to multiple sources familiar with the deal. Both Shorenstein and FibroGen declined to comment because the transaction is not complete and the parties involved signed a non-disclosure agreement.

The privately held company, founded in 1995 in Sunnyvale, develops drugs to treat fibrosis, or scarring of major organs, due to diabetes, surgical procedures and fibroproliferative tumor progression and metastasis, according to the FibroGen web site.

Located in 106,000 square feet at 225 Gateway Blvd., FibroGen releases few financial details. But the company has lucrative licensing agreements with pharma companies, including Japan-based **Astellas Pharma**, which agreed in May to give FibroGen an upfront payment of \$300 million plus \$465 million in development milestone payments for a drug candidate for anemia.

Sources familiar with the deal said the company has also looked seriously at two other sites, Alexandria's building in Mission Bay as well as a second location in South San Francisco.

After years of struggling to attract office tenants to the Mission Bay campus, 2006 is shaping up to be a watershed year for the redevelopment area. In addition to the biotech leasing activity, the Gap is scheduled to move its Old Navy division to 550 Terry François Blvd. in early November. In addition, **Lowe Enterprises** is in contract to buy Parcel 26A, next door to the Gap building, and plans to break ground as soon as the purchase closes. In addition, 1,100 residential units are under construction on both sides of the channel.

At a recent real estate forum, Shorenstein Executive Vice President Tom Hart said the company was getting strong interest in Mission Bay property and said "life science companies will want to locate there." He said the company was confident enough to have invested in building materials for the Illinois Street complex.

"We have purchased the steel and plan to break ground in the fall," Hart said at a San Francisco Business Times-sponsored event on Wednesday.