

Bay Bio Gene Acres 2009

BECOMING A LANDLORD:
Maximizing Return on Under-Utilized Space



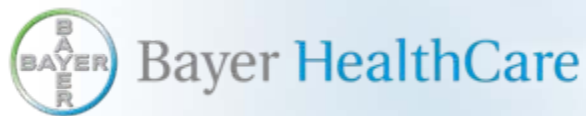
PANEL



James Bennett
Senior VP, Life Sciences

FIBROGEN

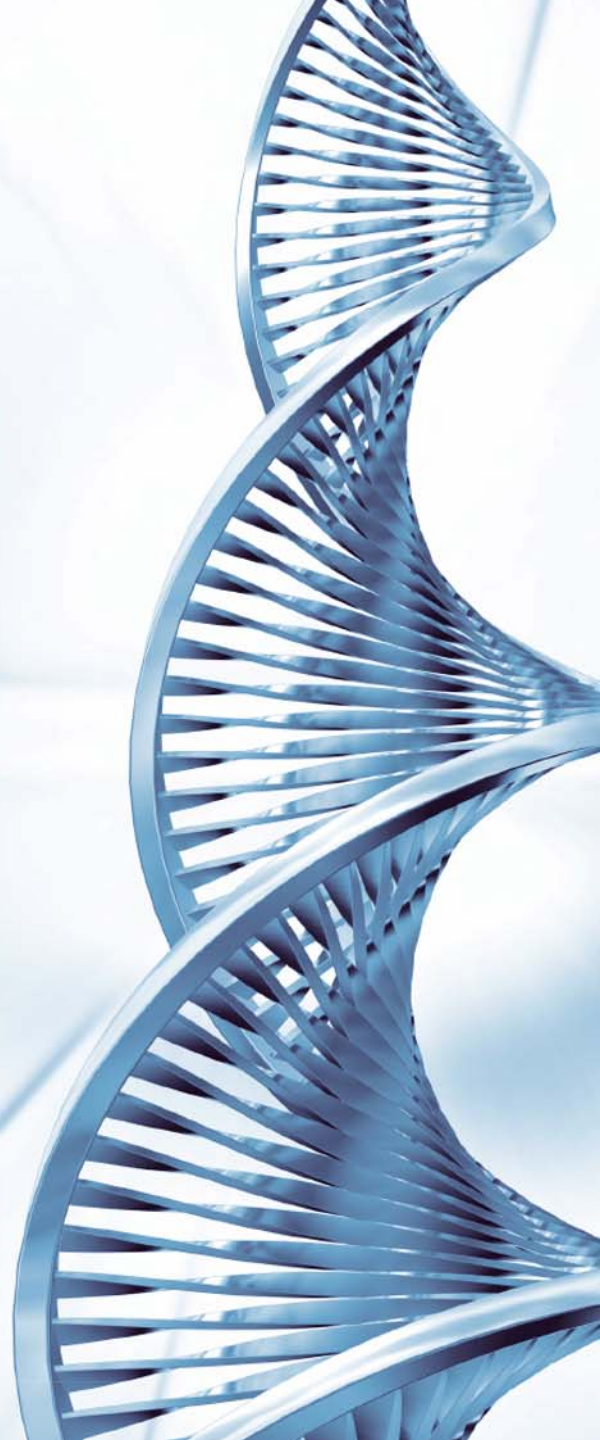
Ginny Kosor
Director of Facilities



Helmut Altmann
Vice President of Integration

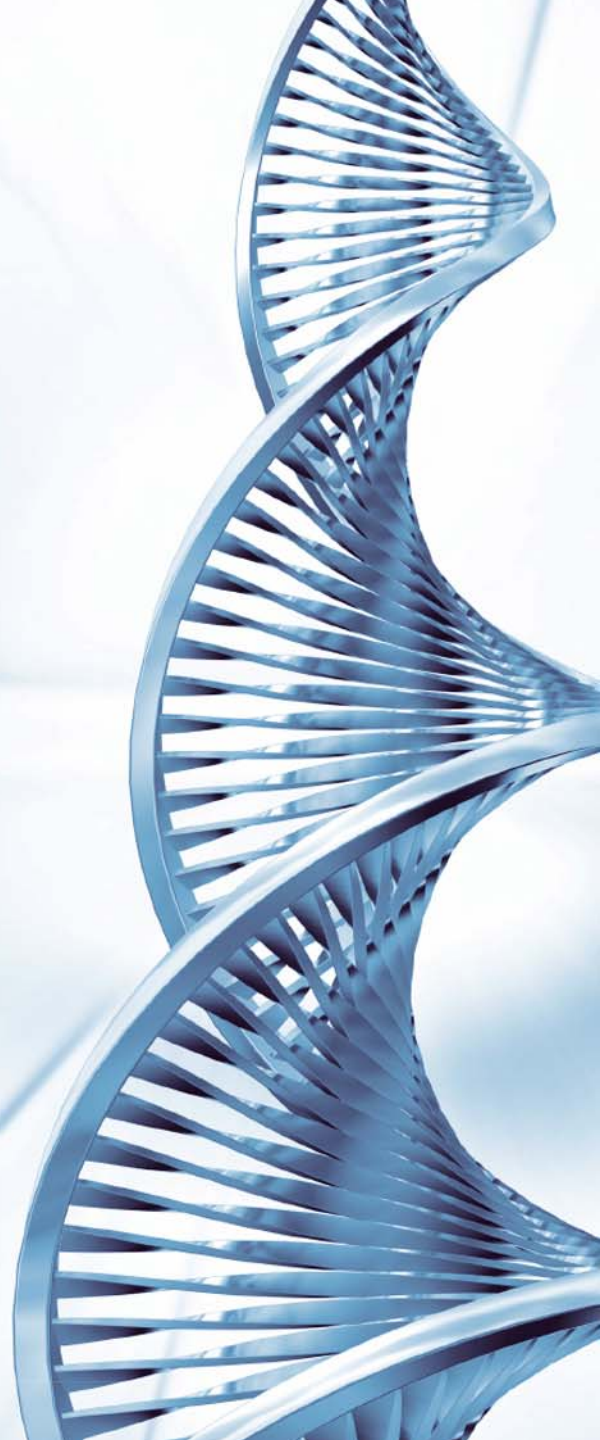


Charles Alaimo
Director of Operations



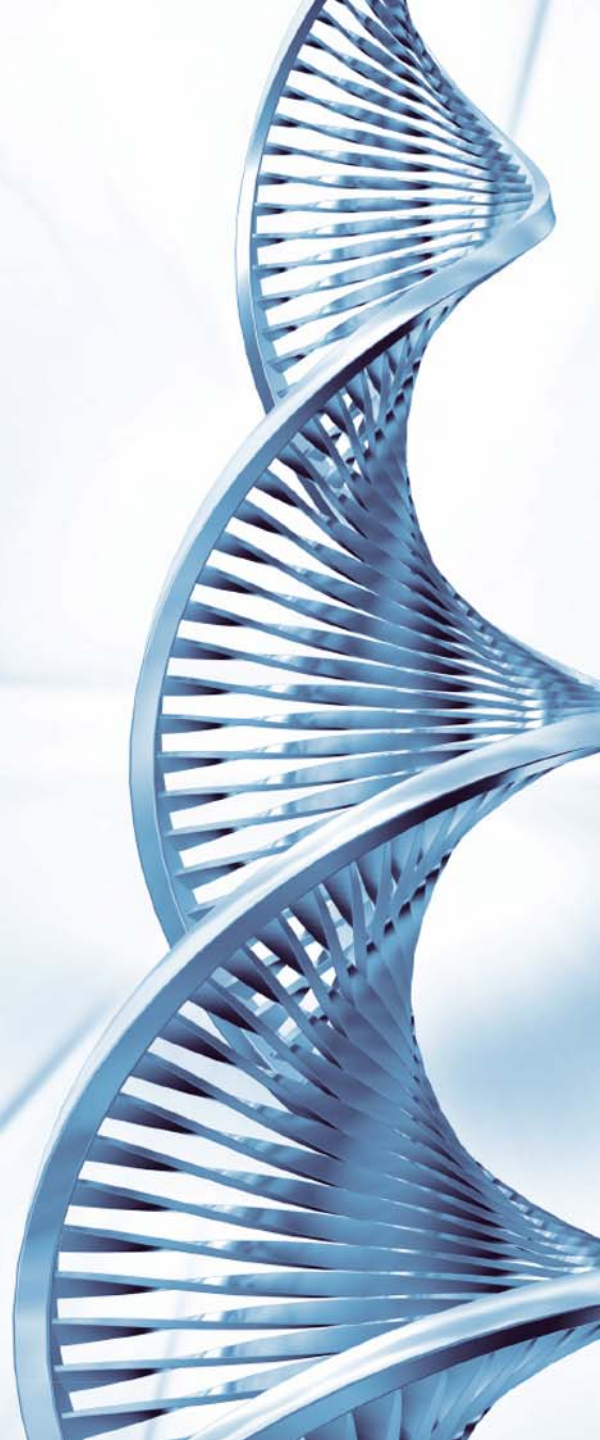
SITUATIONS LEADING TO THE NEED TO SUBLEASE

- Over-commitment by design or otherwise M&A
- Industry/company volatility
- Major change in business strategy



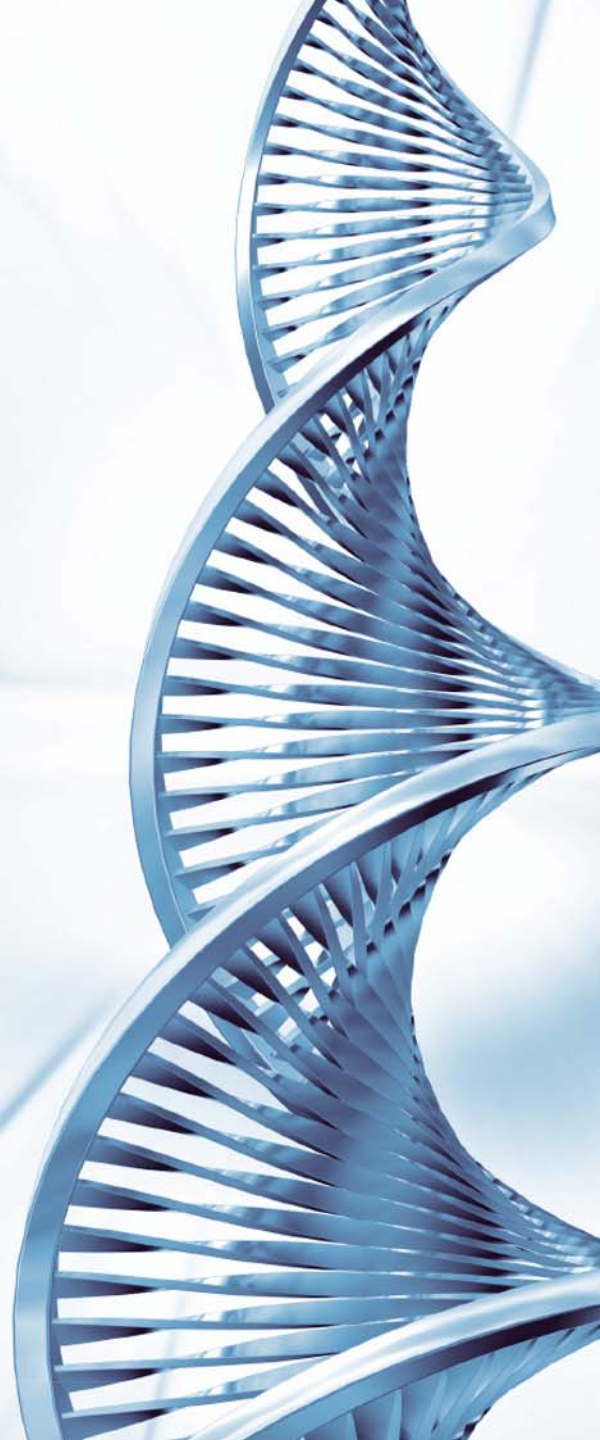
PREVENTION: POTENTIAL WAYS TO AVOID SUBLEASING SPACE

- Negotiating structure phase-in of growth
- Negotiating flexible options to expand or to contract
- Use of CRO's/CMO's
- Acquiring companies need to undertake better real estate due diligence



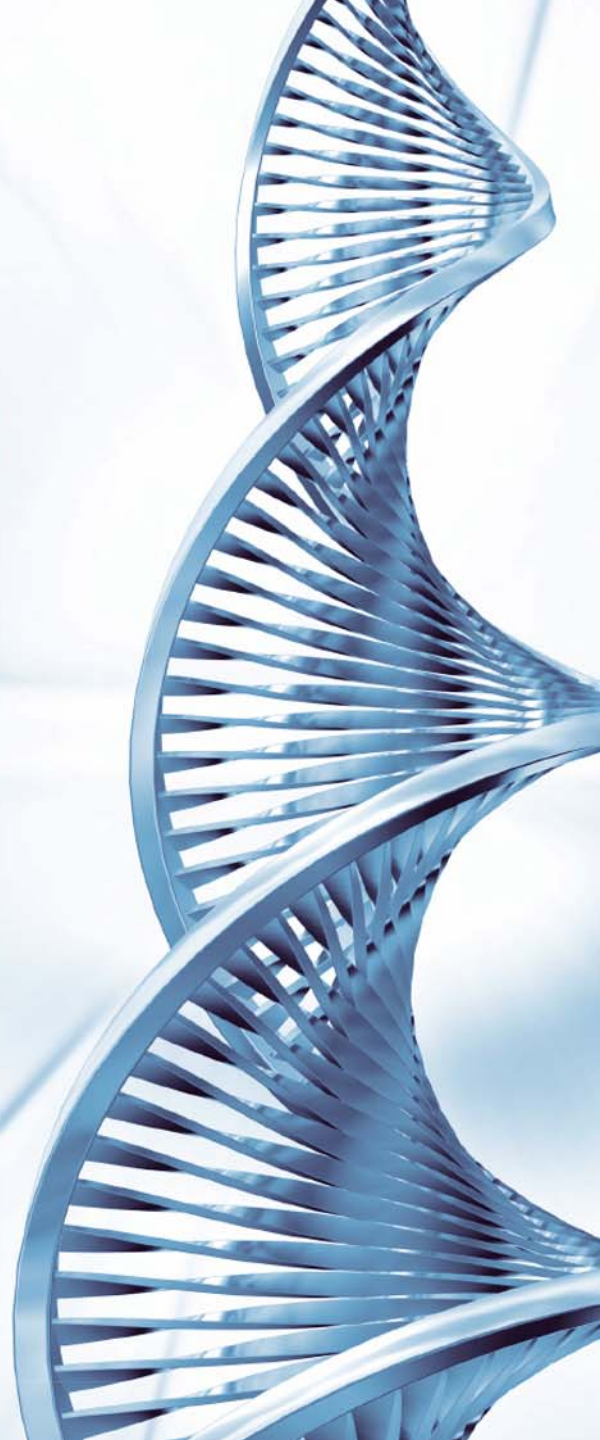
BENEFITS OF SUBLEASING SPACE

- Financial recovery of rental obligations
- Recovery of CAM/Opex obligations
- Potential assignment of maintenance and other responsibilities
- Space size flexibility
- Collaboration in new sciences



RISKS OF SUBLEASING SPACE

- Potential capital costs for demising or reconfiguring space (Helmut)
- Real estate market volatility
- Subtenant credit risk
- Ongoing maintenance responsibilities
- Potential restoration risk/obligations
- Impact on management/employee time (opportunity costs) with limited in-house expertise
- HazMats and liability issues
- Cross contamination issues
- IT separation/security issues
- Security issues



Q & A

