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Medicago enters $15 million loan agreement

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Singapore: Medicago executed a $15 million loan agreement with a major pharmaceutical company. The principal of the loan is repayable on January 14, 2014, but can be extended by Medicago at its option until January 14, 2016. The loan will bear an interest rate of not more than 10 percent per year and the interest will be paid quarterly.

Medicago and its partner are continuing discussions to finalize a licensing agreement, which may also include co-promotion rights of Medicago vaccines in certain markets. If successfully concluded, this will result in the principal of the loan being applied as upfront payments upon the execution of the licensing agreement.

In such an event, Medicago will not be required to pay interest on the loan. While Medicago and its pharma partner are pursuing discussions together under a term sheet, there can be no assurance that any additional transactions will be successfully concluded between Medicago and its partner.

"This additional investment by a major partner in our company clearly validates our rapid plant-based VLP vaccine technology given their scientific and commercial leadership in vaccines," said Mr Andy Sheldon, president and CEO, Medicago. "This significant agreement provides a non-dilutive infusion of cash for the continued development and commercialization of our vaccines."