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Constellation targets IPO after Genentech passes on takeout

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[Constellation Pharmaceuticals Inc.](#) (Cambridge, Mass.) plans to tap the public markets now that the [Genentech Inc.](#) unit of [Roche](#) (SIX:ROG; OTCQX:RHHBY) has declined to exercise a one-time option to acquire the epigenetics company. Genentech gained the option under a 2012 deal to discover and develop small molecules targeting multiple epigenetic target classes ([see BioCentury, Jan. 23, 2012](#)).

Constellation President and CEO Keith Dionne told BioCentury Genentech had an all-or-nothing option, but was interested only in Constellation's two lead programs and planned to shut down the rest of the company. Constellation's leads are in Phase I testing to treat cancer: [CPI-1205](#) is an enhancer of zeste homolog 2 (EZH2) inhibitor, while [CPI-0610](#) is a BET bromodomain inhibitor. It has three additional programs moving toward lead optimization.

In a statement, Genentech said, "After an extensive due diligence and portfolio review process, we have determined that Constellation's epigenetics-based BET and EZH2 programs are not a strategic fit for our portfolio at this time."

Dionne said, "In those diligence discussions, one of the key things that really emerged was the nature of a misfit strategically between Genentech and where we are today."

The 2012 deal specified a range for the acquisition price, which would have been based on how far the company's programs had progressed.

Dionne said Constellation plans to raise a crossover round and hopes to conduct an IPO in 1H16. He said Constellation also plans to meet with companies that had expressed interest in Constellation's programs and platform, but with whom the company couldn't speak because of Genentech's acquisition option.

Constellation has raised \$69 million in two rounds from VCs including Third Rock Ventures; The Column Group; Venrock; Altitude Life Science Ventures; and SR One, the venture arm of [GlaxoSmithKline plc](#) (LSE:GSK; NYSE:GSK).

Constellation also received \$95 million in an upfront payment and research funding from Genentech under the 2012 deal.