

**PROSPECTUS EQUIVALENT DOCUMENT**

**MERGER OF**

**ZELTIA, S.A.**



**INTO**

**PHARMA MAR, S.A. SOCIEDAD UNIPERSONAL**



**OCTOBER 2015**

*On 29 October 2015, this document was deemed by the Spanish National Securities Market Commission, for the purposes of Article 26.1.d) of Royal Decree 1310/2005, of 4 November, to be equivalent to the prospectus required pursuant to that Decree.*

## 1. PERSONS RESPONSIBLE

### 1.1 Identification of the persons responsible

Mr. José María Fernández Sousa-Faro, of legal age, a Spanish national, with professional domicile at Plaza del Descubridor Diego de Ordás 3, 5ª planta, 28003 Madrid, holding National ID no. 364.051-F, in the name and on behalf of Pharma Mar, S.A. Sociedad Unipersonal ("**PharmaMar**"), a Spanish corporation with registered offices at Avenida de los Reyes, 1, Polígono Industrial La Mina, 28770 Colmenar Viejo (Madrid), registered initially with the Madrid Mercantile Register in inscription no. 1, sheet 71.588-2, tome 7.037, book 6.034 of Section 3 of the companies book, and subsequently re-registered with new sheet number M-126294; in his capacity as Chairman of the Board of Directors and by virtue of the powers granted by the Board of Directors of PharmaMar at a meeting held on 22 September 2015, he takes responsibility for the information contained in this document equivalent to a prospectus for the purposes of Article 26.1.d) of Royal Decree 1310/2005, of 4 November (the "**Equivalent Document**").

### 1.2 Declaration by the person responsible

Mr José María Fernández Sousa-Faro, in the name and on behalf of PharmaMar, as the person responsible for the Equivalent Document, declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Equivalent Document is, to the best of his knowledge, a reflection of the facts and does not omit anything likely to affect its content.

## 2. DESCRIPTION OF THE TRANSACTION

### 2.1 Background

The Boards of Directors of Zeltia, S.A. ("**Zeltia**") and PharmaMar decided to promote the integration of the two companies, as disclosed to the market by Zeltia in regulatory disclosures published on 2 December 2014 and 26 February 2015 (with register numbers 214.934 and 219.159, respectively), in order agglutinate in a single company the management capabilities of the group in the areas of research, development, manufacture, commercialisation and distribution of its products.

As disclosed to the market through a regulatory disclosure dated 19 May 2015 (registration number 223.175), the joint merger plan relating to the merger between PharmaMar (as acquiring company) and Zeltia (as absorbed company) (the "**Merger**" and "**Common Merger Plan**", respectively) was approved, drafted and authorised by the Boards of Directors of Zeltia and PharmaMar at meetings on 19 May 2015 and signed by the members of the Boards of Directors of both companies (with the exceptions specified therein). The Joint Merger Plan was posted on the websites of both companies ([www.pharmamar.com](http://www.pharmamar.com) and [www.zeltia.com](http://www.zeltia.com)), as publicised by means of announcement published in the Official Bulletin of the Mercantile Register on 25 May 2015.

Also, at that meeting of Zeltia's Board of Directors on 19 May 2015, it was resolved to call a Shareholders' Meeting on 29 June 2015, at first call, and, if the necessary quorum was not

obtained, on 30 June 2015 at second call, as disclosed to the market through a regulatory disclosure dated 27 May 2015, with registration number 223.594.

The Ordinary and Extraordinary Shareholders' Meeting of Zeltia was held on 30 June 2015 and it adopted the resolutions relating to the Merger. On that same day, acting as sole shareholder of PharmaMar, Zeltia adopted the decisions regarding the Merger that corresponded to PharmaMar. All the foregoing was disclosed to the market by means of a regulatory disclosure dated 30 June 2015 (registration number 225.301). On 27 July 2015, the announcement of the merger was published in the Official Bulletin of the Mercantile Register and in "La Razón" newspaper, and it was also published on the two companies' websites on 17 July 2015.

The aforementioned resolutions having been adopted, the aforementioned announcements having been posted and the legal period having elapsed without any credit exercising their right to oppose the Merger, on 26 October 2015, PharmaMar and Zeltia granted the public instrument of merger before the Madrid notary, Mr Antonio de la Esperanza Rodríguez. The merger instrument is expected to be registered with the Madrid Mercantile Register (having obtained assurances from the Pontevedra Mercantile Register that there are no impediments to the Merger) on 30 October 2015, which will be the last day on which Zeltia shares are traded on the Spanish Stock Exchanges (if the aforementioned circumstances arise, they will be retired as a result of the inscription of the Merger in the Madrid Mercantile Register).

## **2.2 Structure of the transaction**

The legal structure chosen to merge PharmaMar and Zeltia is a merger in the terms of articles 22 et seq. of Act 3/2009, of 3 April, on Structural Modifications of Mercantile Companies (the "**Structural Modifications Act**"). As set out in section 2.1 above, the planned merger will take place specifically through the absorption of Zeltia (absorbed company) by PharmaMar (acquiring company), with extinction of the absorbed company and the transfer en bloc of its entire net worth to the acquiring company, which will acquire, by universal succession, the goods, rights and obligations of Zeltia.

Accordingly, since Zeltia (the absorbed company) directly owns 100% of the shares of PharmaMar (acquiring company), the chosen structure is a "reverse" merger, i.e. one in which a subsidiary absorbs its parent company. The choice of a "reverse" merger over a "direct" merger is based on the fact that, from a legal and financial standpoint, it makes no difference whether the merger is performed in one way or the other: in both cases, the resulting company will combine, in absolutely equivalent terms, the net worth of PharmaMar (acquiring company) and Zeltia (absorbed company). The reasons for the choice of a "reverse" merger over a "direct" merger are technical and relate to formally simplifying the transaction from a legal, financial, accounting and tax standpoint. Sections 2.2.1 to 2.2.3 of the Common Merger Plan (incorporated hereto by reference) contain a more detailed analysis of the reasons for choosing an "inverse" merger.

Moreover, the fact that Zeltia (absorbed company) directly owns 100% of the shares of PharmaMar (acquiring company) makes it possible, under article 52 of the Structural Modifications Act, to apply, *mutatis mutandis*, the rules for the absorption of wholly-owned subsidiaries. Consequently, the merger qualifies for the special simplified procedure provided in article 49.1 of the Structural Modifications Act, which, inter alia, waives the requirement for reports to be drawn up by the directors and independent experts with regard to the Common Merger Plan and makes it possible to dispense with a capital increase at PharmaMar.

Since the shares representing the capital stock of Zeltia are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Sistema de Interconexión Bursátil (Continuous Market), once the merger has been registered, PharmaMar will apply for listing of its shares on those Stock Exchanges, to which end this Equivalent Document has been drawn up.

### **2.3 Reasons for the merger**

The fundamental goal of the merger is for the group's main business—oncology—to be listed directly on the stock market and also to provide the company resulting from the Merger with the flexibility required to undertake corporate transactions in the future, such as an application for listing in the US market.

In this way, the Merger pursues improvements mainly in the following areas: (a) strategic perception; (b) access to new capital markets and institutional investors; (c) simplification and optimisation of the group structure; (d) improvement in organisational understanding and transparency in management of the company; (e) access by the oncology area to financial resources; and (f) cost-effective management.

- (a) Reflection of the group's strategic focus on oncology. By integrating the group's core business—oncology—within the listed company, the goal is to boost its relevance within the group's strategy in comparison with the other (non-core) businesses and so lend greater visibility to this business; the goal pursued is to strengthen the perception that the main objective of the group's management is expanding the oncology business.
- (b) Access to new capital markets and institutional investors. Another improvement pursued is that the company resulting from the Merger—an oncology company—would be more attractive to institutional investors specialized in the biopharmaceutical sector by providing greater comfort with regard to the use of the funds to finance projects in this sector. The goal is to enhance the opportunity for raising funds in stock markets where institutional investors of this type exist (e.g. NASDAQ).
- (c) Simplification and optimisation of the group structure, due to eliminating duplications in the two companies' governing bodies.
- (d) Improved organisational understanding and transparency in management. The merger seeks to simplify the organisation structure and provide the utmost transparency in management of the oncology business, which will be subject to the disclosure and corporate governance requirements that apply to a listed company.
- (e) Access to financial resources for the oncology area. The planned new structure, headed by the strategic business, seeks to offer greater mobility and freedom in decision-making to allocate funds to the purpose considered to be most efficient (e.g. oncology). This would avoid the need to arrange financial transactions between companies in the group (e.g. participation loans) in order to invest in research and development projects.
- (f) Cost-effective management. The expected reduction in the administrative burden associated with fulfilling mercantile and tax law obligations (simplification of

accounting and consolidation, inter alia) should result in greater efficiency in administrative costs.

## **2.4 Main legal aspects of the Merger**

### **2.4.1 Share exchange ratio**

Since this is a "reverse" merger in which the absorbed company (Zeltia) owns 100% of the capital stock of the acquiring company (PharmaMar), the exchange ratio was established directly as a proportion between the number of shares into which the capital of each of the companies is divided.

Taking advantage of the simplification to set the exchange ratio described in the preceding paragraph, it was decided to facilitate and simplify the exchange process and avoid the occurrence of fractions of shares by setting a 1-for-1 share exchange ratio (i.e. one share of the acquiring company per share of the absorbed company) with no supplementary monetary compensation. To this end, it is necessary that, at the time of the exchange, the number of shares into which the capital stock of PharmaMar is divided be the same as the number of shares into which the capital stock of Zeltia is divided (net of treasury stock, due to the legal prohibition on the exchange of own shares).

In order to ensure that the number of shares representing the capital stock of PharmaMar is the same as the number of shares representing the capital stock of Zeltia, the sole shareholder of PharmaMar approved, along with the Merger, a capital reduction by increasing voluntary reserves, execution of which resulted in PharmaMar's capital stock amounting to 11,110,244.35 euro divided into 222,204,887 ordinary shares of 0.05 euro par value each (matching the 222,204,887 ordinary shares of 0.05 euro par value each, net of directly and indirectly owned treasury stock, that comprise the capital stock of Zeltia). Also, and to this same end, Zeltia undertook not to acquire or sell treasury stock.

### **2.4.2 Shares that will participate in the exchange**

By application of Article 26 of the Structural Modifications Act, the shares of Zeltia held by the latter in treasury stock (either directly, or indirectly through companies in the group) will not be exchanged for shares of PharmaMar and will be retired or cancelled. Consequently, as the capital of Zeltia is represented by 222,204,887 ordinary shares and, as announced on 23 October 2015 in newspaper "ABC", in regulatory disclosure number 229.974, in the Official Bulletins of the Spanish Stock Exchanges and in the Official Bulletin of the Mercantile Register, Zeltia has no treasury shares (direct and indirect) at the date of this Equivalent Document (and, considering that Zeltia has undertaken not to acquire or dispose of own shares), 222,204,887 shares of Zeltia will participate in the exchange. Given the aforementioned 1:1 exchange ratio, these 222,204,887 shares of Zeltia will be exchanged for the 222,204,887 shares of PharmaMar, of five euro cent (€0.05) par value each, which represent 100% of its share capital.

As a result of the Merger, the shares of Zeltia will be retired or cancelled.

### **2.3.4 Exchange procedure**

As stated in the Joint Merger Plan and as indicated in the preceding paragraphs of this Equivalent Document, Zeltia's shareholders will receive shares which, following the

aforementioned reduction in capital, will comprise 100% of the share capital of PharmaMar in exchange for the shares of Zeltia.

The exchange will take place as described in paragraph 7 of the Joint Merger Plan and in the communiqué dated 23 October 2015 in newspaper "ABC", in the regulatory disclosure number 229.974, in the Official Bulletins of the Spanish Stock Exchanges, and in the Official Bulletin of the Mercantile Register, and will be carried out through member entities of Iberclear that are depositaries of the shares of Zeltia in accordance with the procedures established for the book-entry system, in accordance with Royal Decree 116/1992, of 14 February, and by application of the provisions of Article 117 of the Consolidated Text of the Capital Companies Act approved by Legislative Royal Decree 1/2010, of 2 July.

It is hereby placed on record, as already disclosed in the communiqué dated 23 October 2015 in newspaper "ABC", in regulatory disclosure number 229.974, in the Official Bulletins of the Spanish Stock Exchanges, and in the Official Bulletin of the Mercantile Register, that the companies participating in the Merger have designated Banco Santander, S.A. as agent bank for the exchange. Through that bank, and in line with the operating instruction published on 23 October 2015 by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("**Iberclear**"), evidence must be provided of ownership of the Zeltia shares and the necessary steps must be taken to execute the exchange.

Since, as detailed above, the exchange ratio is 1:1, no fractions of shares are envisaged and, therefore, it is not necessary to appoint an agent to handle such fractional shares.

#### 2.4.4 Effective date of the Merger for accounting purposes

The date from which the transactions by Zeltia and PharmaMar are deemed, for accounting purposes, to have been performed on behalf of PharmaMar is 1 January 2015.

#### 2.4.5 Ancillary benefits and special rights

There are no contributions of sweat equity or ancillary benefits at Zeltia; consequently, the Merger will have no impact on such, and no compensation will be granted in the acquiring company to the affected shareholders.

There are no holders of special rights or holders of securities other than shares representing capital; consequently, it is not necessary to grant rights or options of any kind in PharmaMar.

### **3. DOCUMENTATION THAT CONSTITUTES THE EQUIVALENT DOCUMENT**

Under the provisions of Article 26.1.d) of Royal Decree 1310/2005, of 5 November, the obligation to publish a prospectus does not apply to the admission to trading of securities allotted or to be allotted in connection with a merger, provided that a document is presented containing information which the National Securities Market Commission ("**CNMV**") deems to be equivalent to that of the prospectus, taking into account the requirements of EU law.

The information that the CNMV considers equivalent to a prospectus is contained in the documents listed below, which are incorporated hereto by reference since they were

submitted to the CNMV prior to this date or, as the case may be, are contained in the CNMV's register of regulatory disclosures (is accessible through its website ([www.cnmv.es](http://www.cnmv.es))).

List of documents incorporated by reference:

- (a) Zeltia regulatory disclosure dated 2 December 2014 (registration number 214.934) in which Zeltia informed the market that its Board of Directors had approved a strategy that considered merging Zeltia with PharmaMar.
- (b) Zeltia regulatory disclosure dated 26 February 2015 (registration number 219.159) in which Zeltia informed the market that its Board of Directors had specified that the merger would take place by PharmaMar absorbing Zeltia.
- (c) Joint Merger Plan (Zeltia regulatory disclosure dated 19 May 2015, registration number 223.175).
- (d) Zeltia regulatory disclosure dated 19 May 2015 (registration number 223.176) in which Zeltia informed the market that its Board of Directors had resolved to convene an Ordinary and Extraordinary General Meeting of Shareholders on 29 June at first call or 30 June at second call.
- (e) Notice of Ordinary and Extraordinary General Meeting of Shareholders of Zeltia (Zeltia regulatory disclosure dated 27 May 2015, registration number 223.594).
- (f) Proforma consolidated financial statements as of 31 December 2014 (unaudited) of PharmaMar and its dependent companies and a special report by an independent auditor with respect to the compilation of the proforma consolidated financial statements; and a document on the corporate governance issues arising in connection with the company to be created by the Merger (Zeltia regulatory disclosure dated 23 June 2015, registration number 224.899).
- (g) Zeltia regulatory disclosure dated 30 June 2015 (registration number 225.301) in which Zeltia informed the market of the approval of all items on the agenda of the Ordinary and Extraordinary General Meeting of Shareholders.
- (h) Separate financial statements of PharmaMar for the years ended 31 December 2014, 2013 and 2012, together with the corresponding auditors' reports, and the separate and consolidated financial statements of Zeltia for the years ended 31 December 2014, 2013 and 2012, together with the corresponding auditors' reports, all of which are on file at the CNMV.
- (i) Zeltia regulatory disclosure dated 23 October 2015 (with registration number 229.974) on the procedure of exchange of PharmaMar shares for Zeltia shares.

## 4. Composition of the Board of Directors and the Board Committees

### 4.1 Board of Directors

The current composition of the Board of Directors of PharmaMar (which is the composition that will exist when PharmaMar's shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges), is as follows:

Full name	Position	Director category <sup>1</sup>
Mr José María Fernández Sousa-Faro	Chairman	Executive director
Mr Pedro Fernández Puentes	Vice-Chairman	Executive director
Mr. Carlos Solchaga Catalán	Member	Independent director
ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L. (represented by Mr. José Leyte Verdejo)	Member	Proprietary director
JEFPO, S.L. (represented by Mr. José Félix Pérez-Orive Carceller)	Member	Other external director <sup>2</sup>
Ms. Ana Palacio Vallelersundi	Member	Independent director
Mr. Jaime Zurita Sáenz de Navarrete	Member Lead director (*)	Independent director
Ms. Montserrat Andrade Detrell	Member	Proprietary director

<sup>1</sup> **Note:** No prior report has been issued by the Appointments and Remuneration Committee, nor will one be issued, in connection with the appointment and status of each of the members of the Board of Directors since that Committee did not exist at the time of their appointment, although it is planned, once the shares of PharmaMar have been admitted to trading and the Committee has effectively been created, for the latter to verify the status of each of the directors.

<sup>2</sup> **Note:** JEFPO, S.L. has been a director of Zeltia, S.A. for over twelve years; additionally, Mr. José Félix Pérez-Orive Carceller has been a director of PharmaMar in a personal capacity for over twelve years. Consequently, in accordance with article 529 duodecies 4 of the Securities Market Act, he cannot be classified as an independent director.

Eduardo Serra y Asociados, S.L. (represented by Mr. Eduardo Serra Rexach)	Member	Independent director
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(\*) The appointment of Mr. Jaime Zurita Sáenz de Navarrete as Lead Director will take effect once the shares of PharmaMar are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges.

#### 4.2. Audit Committee

The composition of the Audit Committee that PharmaMar will have once its shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges is as follows:

Full name	Office	Director category <sup>3</sup>
Mr. Carlos Solchaga Catalán	Chairman	Independent director
Ms. Ana Palacio Vallelersundi	Member	Independent director
ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L. (represented by Mr. José Leyte Verdejo)	Member	Proprietary director
JEFPO, S.L. (represented by Mr. José Félix Pérez-Orive Carceller)	Member	Other external director

The Secretary of the Board of Directors, Mr. Sebastián Cuenca Miranda, will act as Secretary of the Audit Committee.

#### 4.3. Appointments and Remuneration Committee

The composition of the Appointments and Remuneration Committee that PharmaMar will have once its shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges is as follows:

Full name	Office	Director category <sup>4</sup>
Eduardo Serra y Asociados, S.L. (represented by Mr. Eduardo Serra Rexach)	Chairman	Independent director

<sup>3</sup> **Note:** No prior report has been issued by the Appointments and Remuneration Committee, nor will one be issued, in connection with the appointment and status of each of the members of the Board of Directors since that Committee did not exist at the time of their appointment, although it is planned, once the shares of PharmaMar have been admitted to trading and the Committee has effectively been created, for the latter to verify the status of each of the directors.

<sup>4</sup> **Note.** See Note 3 above.

Ms Ana Palacio Vallelersundi	Member	Independent director
Ms. Montserrat Andrade Detrell	Member	Proprietary director
Mr. Jaime Zurita Sáenz de Navarrete	Member and Secretary	Independent director

#### 4.4. Executive Committee

The composition of the Executive Committee that PharmaMar will have once its shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges is as follows:

Full name	Office	Director category <sup>5</sup>
Mr José María Fernández Sousa-Faro	Chairman	Executive director
Mr Pedro Fernández Puentes	Member	Executive director
JEFPO, S.L. (represented by Mr. José Félix Pérez-Orive Carceller)	Member	Other external director

The Secretary of the Board of Directors, Mr. Sebastián Cuenca Miranda, will act as Secretary of the Executive Committee.

#### 5. Information about significant holdings in the capital of PharmaMar after the Merger

The following table shows significant holdings in the capital of PharmaMar that will obtain after the Merger, based on information that is known by PharmaMar at this date since it is publicly available in the CNMV's register of significant shareholdings corresponding to Zeltia, S.A.:

Full name	Direct stake	Indirect stake	Total
Mr José María Fernández Sousa-Faro <sup>6</sup>	6.422%	4.660%	11.082%

<sup>5</sup> **Note:** See Note 3 above.

<sup>6</sup> **Note:** Mr. José María Fernández Sousa-Faro holds the indirect stake through his spouse, Ms. Montserrat Andrade Detrell.

Ms. Montserrat Andrade Detrell	4.660%	0%	4.660%
Mr Pedro Fernández Puentes <sup>7</sup>	0.630%	3.916%	4.546%
Ms. Sandra Ortega Mera <sup>8</sup>	0%	5%	5%

The following table shows the stakes that will be held by members of the Board of Directors of PharmaMar in the latter company's capital stock after the Merger, based on information that is known to PharmaMar at this date based on publicly available information in the CNMV's register of voting rights and financial instruments of the directors of Zeltia, S.A. (in the case of those directors of PharmaMar who are also directors of Zeltia, S.A.) and information provided by the aforementioned members (in the case of Ms. Ana Palacio Vallelersundi):

Full name	Direct stake	Indirect stake	Total
Mr José María Fernández Sousa-Faro <sup>9</sup>	6.422%	4.660%	11.082%
Ms. Montserrat Andrade Detrell	4.660%	0%	4.660%
Mr Pedro Fernández Puentes <sup>10</sup>	0.630%	3.916%	4.546%
ROSP CORUNNA PARTICIPACIONES EMPRESARIALES S.L. <sup>11</sup>	5%	0%	5%
Ms. Ana Palacio Vallelersundi	0.009%	0%	0.009%
JEFPO, S.L. (*)	0%	0%	0%
Mr. Jaime Zurita Sáenz de Navarrete	0.005%	0%	0.005%
Eduardo Serra y Asociados, S.L. (**)	0.004%	0%	0.004%
Mr. Carlos Solchaga Catalán	0%	0%	0%

(\*) The natural person representing JEFPO, S.L., Mr. José Félix Pérez-Orive Carceller, owns 2,684 shares (0.001%) of Zeltia, S.A., based on his disclosure to the Company.

(\*\*) The natural person representing Eduardo Serra y Asociados, S.L., Mr. Eduardo Serra Rexach, owns 127,000 shares (0.057%) of Zeltia, S.A., based on his disclosure to the Company.

<sup>7</sup> **Note:** Mr. Pedro Fernández Puentes holds the indirect stake through SAFOLES S.A., a company of which he is the controlling shareholder

<sup>8</sup> **Note:** Ms. Sandra Ortega Mera controls ROSP CORUNNA S.L., which owns 100% of ROSP CORUNNA PARTICIPACIONES EMPRESARIALES S.L.

<sup>9</sup> **Note:** See Note 6 above.

<sup>10</sup> **Note:** See Note 7 above.

<sup>11</sup> **Note:** See Note 8 above.

Madrid, 26 October 2015

**Pharma Mar, S.A. Sociedad Unipersonal**

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José María Fernández Sousa-Faro