

Healthcare Startup to Move Into Lakeshore Towers

REAL ESTATE: ALPHAEON's plan counts on cash-pay lines

■ By MARK MUELLER

ALPHAEON Corp., a startup lifestyle healthcare company that's gotten notice as a potential candidate for an initial public offering later this year, has signed a deal to move its growing operations to the Lakeshore Towers office complex in Irvine.

The company, formed last summer by Newport Beach-based private equity investor Strathspey Crown Holdings LLC, signed a 38,476-square-foot lease at 18191 Von Karman, a five-story office that overlooks the San Diego (405) Freeway.



Grant: declined comment on reports of pending IPO

ALPHAEON plans to move into the new offices by June, according to brokers with the Irvine office of Cushman & Wakefield Inc. who worked on the lease.

The space is expected to accommodate upward of 150 employees for ALPHAEON, which currently is operating out of Strathspey Crown's offices in Newport Beach.

New Hires

ALPHAEON currently has about 100 employees, up from about a dozen a year ago, according to Chief Executive Robert Grant. Hires have been "across the board" in terms of positions, he said.

The new location gives the tenant access to a Healthcare



18191 Von Karman: lifestyle healthcare startup signed 38,476-square-foot lease

Startup to Move Into Lakeshore Towers "deep employee talent pool," said Cushman

Senior Director Chon Kantikovit, who represented ALPHAEON in the lease, along with colleague Russell Watts.

There "is a mature science, technology and medical community in Orange County, which will provide ALPHAEON the opportunity to recruit and hire some of the best talent in the field," Kantikovit said.

Lakeshore Towers is about a block from the headquarters of Irvine drug maker Allergan Inc., Orange County's largest public company.

Numerous other medical-related companies are in the immediate vicinity.

Cushman & Wakefield's Rick Kaplan, Greg Brown and Robert Lambert represented the landlord, Lakeshore Towers Limited Partnership Phase IV, and the building's asset manager, Sentre Partners, in the lease.

The lease brings occupancy at the five-story office at Lakeshore Towers, which runs about 128,000 square feet, to 93%, according to brokerage data.

The 19-story office next-door, which totals another 408,000 square feet, is about 85% leased.

Link to Link

ALPHAEON is the brainchild of former Allergan and Bausch & Lomb Inc. executive Grant, who is the company's chief executive, as well as chairman of Strathspey Crown.

Other notable names involved with the company include William Link, a managing director in the Newport Beach office of Menlo Park-based venture capital firm Versant Ventures.

He's ALPHAEON's chairman.

ALPHAEON is the first company to take shape under Strathspey Crown, which was established in 2012 to invest in what Grant has called "lifestyle medicine" businesses that aren't covered by insurance.

ALPHAEON is seeking a place in the market as a licensee, operating as a middleman of sorts between device makers and doctors in the plastic surgery, ophthalmology and dermatology fields.

The company also plans to offer services such as medical practice management, among others, to doctors or medical groups.

A business model focused 100% on self-pay procedures has made ALPHAEON stand out amid the national debate about insurance coverage, Grant said.

"We're getting a lot of attention from the industry and from customers," Grant said. "I've never seen anything (grow) at this pace before."

Companies such as Allergan in Irvine and Canada-based Valeant Pharmaceuticals International Inc., which has OC origins, offer a mixture of self-pay and insurance-reimbursed products.

IPO?

Grant's next goal, according to reports, is to make ALPHAEON the first publicly traded company in the self-pay market.

The company has interviewed investment banks for a potential IPO in the second half of this year, Grant told the New York Post last December.

ALPHAEON is opening an office in New York City, and Crown Sterling LLC, an investment banking subsidiary of Strathspey Crown, also has an office opening there.

Grant last week declined to comment on the status of the potential IPO.

There appears to be no shortage of potential customers for ALPHAEON, based on market trends.

There were 15.1 million cosmetic surgery procedures, including both minimally-invasive and surgical, in the U.S. last year, up 3% from 2012 levels, according to the American Society of Plastic Surgeons.

In addition, 5.7 million reconstructive surgery procedures were performed last year, up 2%, according to the ASPS, which attributed the increases to new products and advances in technology. ■