

Presse Release

Gebäude J542N
BASF Werksgelände
D-67056 Ludwigshafen
Germany
Phone: +49-621-671960-0
Fax: +49-621-671960-10
Dr. Claus Kremoser,
Thomas Hoffmann
<mailto:info@phenex-pharma.com>

Phenex AG closes its first financing round with a total volume of 4,2 M Euro

equinet Venture Partners and KfW become shareholders in Phenex; additional funding comes from BioChance plus and the Investitions- and Strukturbank (ISB) of Rheinland-Pfalz

Heidelberg, October 11th, 2005

Phenex Pharmaceuticals announced today the closing of its first equity financing round with equinet Venutue Partners, the managing organisation of the Venture Capital Rheinland-Pfalz Fonds (VRP), as lead investor. The Kreditanstalt für Wiederaufbau (KfW), the German federal state owned bank, matches VRP as additional investor and shareholder under its ERP-Startfonds Program. Together with additional grants from the „BioChanceplus“ program from the German Ministry for Research and Education (BMBF) and subsidies from a technology program from the ISB of Rheinland-Pfalz, Phenex secures a total funding of 4,2 M Euro. These proceeds will be used to accelerate Phenex´ proprietary drug discovery programs as well as to promote the expansion of Phenex´ existing service business. The funds from the Land Rheinland-Pfalz were accessible to Phenex due to the relocation of Phenex from Heidelberg to Ludwigshafen.

„We are very pleased with the fact that we could close this funding round in a very difficult environment,“ states Thomas Hoffmann, CFO of PheneX, „a funding round that is adequate to expand our dual business model“. So far, we have been focussed on building our technology platform. On the basis of this platform we could establish a profitable service business with an expanding base of currently a dozen of high profile international customers. The long term growth potential of Phenex, however, lies in our own drug discovery and development projects. With the proceeds of this funding round we are now enabled to invest the required resources, here.“

Dr. Claus Kremoser, CEO of Phenex, complements: „By outsourcing huge parts of our drug discovery programs to appropriate companies and through collaborations with academic partners, we can keep our running costs quite low. This should enable us with high probability to take at least one of our ongoing drug discovery projects up to the nomination of a clinical development candidate within the next two years. We will then see whether we choose the option to seek another financing round with equity investors or whether we will develop our projects together with partners from the pharma or biotech industry. We have a good starting basis in that we have the first patented lead structures for drugs with demonstrated activities in animal models.“

Dr. Farsin Yadegardjam, Member of the Executive Board of equinet Venture Partners AG, the management company of the VRP-Fonds, adds: „We are pleased, indeed, to have found a very promising investment opportunity in Phenex. What has convinced us was the fact, that Phenex has managed to build from scratch a profitable service business in its own home domain nuclear receptors with high profile customers from all over the world. In addition to this, we see an extraordinary opportunity to invest into a company with high upside potential in drug development at an acceptable valuation. We think that Phenex has a groundbreaking dual business model, a model that could serve as a paradigm for early stage companies in Germany.“

The Minister for economic affairs of Rheinland-Pfalz, Mr Hans-Artur Bauckhage, sees a proof for the attractiveness of his region in Phenex´ move to Ludwigshafen:

„We welcome Phenex´ decision, this shows again Rheinland-Pfalz has taken the right approach in its efforts to support high potential future industries. Phenex´ choice for Rheinland-Pfalz demonstrates our attractiveness and competitiveness as a location for high tech enterprises.“

In addition, Mr Hans Joachim Metternich, Spokesman of the Executive Board of the Investitions- and Strukturbank Rheinland-Pfalz (ISB) GmbH is delighted about Phenex´ relocation to the chem2biz Technology Center in Ludwigshafen: „We can and we will support Phenex to the best of our efforts. We, as the central organisation for this purpose in Rheinland-Pfalz, have a bundle of support programs than can be combined and tailored to individual companies´ needs.“

About Phenex Pharmaceuticals AG:

Phenex Pharmaceuticals AG was founded by six former senior scientists and executives with profound experience in science and business in the biotech and pharmaceutical industry together with Prof. Dr. Günther Schütz from the German Cancer Research Center (DKFZ) in Heidelberg. The company focusses on the identification and analysis of novel selective drug candidates that target Nuclear Receptors using its *SNuRM* technology (= **S**elective **N**uclear **R**eceptor **M**odulators = SNuRMs). Currently, Phenex generates revenues through research collaborations with international partners from the pharmaceutical and biotech industries. With the acquired proceeds from its first funding round, Phenex will take its proprietary drug discovery programs forward and will nominate a clinical candidate in one of these programs within the next two years.

So far, Phenex has entered into more than a dozen successful collaborations with partners from pharmaceutical and biotechnology companies in Europe, the United States and in Japan, thereby making Phenex a profitable company from its inception in fall 2002 on.

Phenex pursues its own discovery programs in the field of LXR, FXR and Estrogen-related receptors (ERRs) with a dual focus on metabolic diseases and niche indication diseases such as inflammatory gastrointestinal disorders. Phenex´ aims in developing its own *SNuRM* - type drug candidates for diseases with small patient numbers and high medical needs in the long term and, at the same time, intends to outlicense drug candidates for major metabolic indications to the pharmaceutical and biotech industry for further development.

About Phenex´ *SNuRM* technology:

The *SNuRM* -Technology combines automated protein interaction analysis with Nuclear Receptor specific gene expression analysis. Nuclear Receptors are generally known as excellent drug targets. With some Nuclear Receptors the striking phenomenon can be observed that the same ligand at the same receptor can be stimulatory as well as inhibitory, depending on the chemical nature of the ligand and the tissue environment. Classical Nuclear Receptor targeted drugs tend to yield a good efficacy for their main indication at the cost of potentially severe adverse effects (e.g. estradiol for hormone replacement therapy or cortisol as an antiinflammatory glucocorticoid). Phenex´ *SNuRM* –Technology analyses the molecular effects of different compounds at the targeted Nuclear Receptor and thereby contributes important information to the design of novel selective drugs with much less adverse effects.

Visit our new webpage under: <http://www.phenex-pharma.com/>

About equinet Venture Partners:

equinet Venture Partners, based in Frankfurt/Main, is the venture capital arm of the investment bank equinet AG. Currently managing three venture capital funds, eVP invests in rapidly growing technology companies. Besides financing, eVP also offers comprehensive support for growing companies, from strategic development through to market entry and sales.

For further information, visit: www.equinet-ag.de