

The Opportunity

ELARA Pharmaceuticals GmbH (ELARA) is a preclinical drug discovery and development company that is focusing its efforts on generating novel therapeutics for Oncology. Its target indications are characterised by high unmet medical need and large commercial potential.

The **market** for more efficacious and better tolerated treatments was valued at €50 billion in 2007 and is expected to grow to \$65 billion by 2011.

ELARA was **founded in 2006** to capitalise on the exceptional research capability of its scientific founders at the European Molecular Biology Laboratory in Heidelberg in cancer signaling pathways and allosteric kinase inhibitors. The Company further benefits from the strong support provided by a highly experienced advisory team.

The operational team's core competencies in biology, computational and medicinal chemistry, and project management expertise are complemented by additional resources and expertise of selected partners.

ELARA has access to the state-of-the-art infrastructure at the European Molecular Biology Laboratory's core facilities in Heidelberg, and to results from cutting edge science carried out in this institution.

ELARA is building its own **proprietary intellectual portfolio** and expects to file patent applications in Q3 2009 with additional novel chemotypes.

ELARA also has an exclusive license and rights to commercialise **5 patent families** from the EMBL that expire in 2026.

ELARA is seeking an **investment of €12 million** to complete clinical proof of concept trials of its most advanced product by the end of 2012. This will provide access to non-dilutive government funding of up to **€3 million** through the BMBF GOBio and Spitzencluster programmes.

ELARA represents an excellent investment opportunity. The assets:

- Innovative approaches to promising cancer therapies;
- Robust portfolio of proprietary small molecules
- Experienced management and supervisory board;
- Access to EMBL's excellent infrastructure and know-how;
- Lean operations, core competencies complemented by external partners; and
- Established collaboration with leading cancer centres.

Key Facts

History: 2006 spin off from EMBL Heidelberg

Technology: Inhibition of cancer cell signalling pathways and mitosis

Market: >1 million patients (US/EU)- potential €5 billion per year

USPs: 35+ years world class research at EMBL
Experienced management team
Portfolio of potent orally available hypoxia signalling inhibitors

Milestones: 2010 First IND submitted
2010 First pharma cooperation
2010 First Phase I/IIA study



Business overview

ELARA Pharmaceuticals was founded in 2006 as a spin out from the European Molecular Biology Laboratory (EMBL) in Heidelberg. It is located on the EMBL campus with access to, and use of, EMBL's state-of-the-art infrastructure.

ELARA's sole focus is directed at developing more effectual and better tolerated treatments for malignant diseases. The Company has a robust pre-clinical pipeline with sets of promising molecules targeting specific aspects of cancer cell signaling and cell division. These provide novel approaches to targets such as the Hypoxia signaling pathway and Aurora A kinase by unique allosteric inhibitors. Both approaches are expected to open new therapeutic perspectives in oncology.

ELARA's most advanced product is an **orally bioavailable** Hypoxia pathway signaling inhibitor for the indication Multiple Myeloma, a cancer that lacks effective therapies, and as well for the treatment of larger solid tumors. ELARA is collaborating with Europe's largest Multiple Myeloma centre at the Universitätsklinikum Heidelberg (Uniklinik). ELARA anticipates compiling an Investigational Medical Product Dossier (IND) by Q2 2010 and successful completion of Phase I/IIa clinical trials in collaboration with the Uniklinik in 2012. Other solid tumor indications are currently pursued with preclinical models.

The market

The market for better tolerated cancer treatments was valued at about \$50 billion in 2007 and is expected to grow to \$65 billion by 2011. A significant share of the growing total market will be taken by innovative drugs like inhibitors of signaling pathways – the focus of ELARA's research. These targeted drugs carry the promise to achieve similar or better efficacy with improved tolerability. ELARA Pharmaceuticals is pursuing indications characterised by high unmet medical need and large commercial potential. ELARA's lead compound is initially indicated for treatment of Multiple Myeloma, which was estimated in 2006 to have a market size of \$930 million in the US alone, and is expected to grow to \$3.2 billion by 2013.

Technology and patents





ELARA is building its own proprietary intellectual property portfolio on dual activity hypoxia signaling inhibitors and allosteric Aurora inhibitors.

In addition, ELARA has an exclusive license and rights to commercialize five patent families from the EMBL, covering composition of matter and its use, the first of which will expire in 2026.

Candidates/Indication	Hit 2 Lead	Lead Optimisation	Pre-clinical	Phase I	Phase IIa	Phase IIb
HYPOXIA SIGNALING				IND ↓		
Chemotype 1: - Multiple Myeloma	[Progress bar]					
Chemotype 2: - Solid Tumors	[Progress bar]					
Chemotype 3: - Solid Tumors	[Progress bar]					
Chemotype 4: - Solid Tumors	[Progress bar]					
ALLOSTERIC AURORA-A						
In silico screen - Solid Tumors	[Progress bar]					

Operations

ELARA employs a small, experienced and flexible team (comprising 10 FTEs), which is able to rapidly advance drug candidates to preclinical development stage. This team's capabilities in biology, computational and medicinal chemistry are augmented by accessing additional resources and expertise from qualified partners shown in the table below. In addition, the Company has access to valuable EMBL infrastructure, keeping the capital investment requirement low.

Early Discovery	Lead Generation/ Optimisation	Preclinical Development	Clinical Development
   	 Multiple Myeloma Group UniversitätsKlinikum Heidelberg  	 Development Team Multiple Myeloma Group UniversitätsKlinikum Heidelberg  Qualified CROs	 Development Team Multiple Myeloma Group UniversitätsKlinikum Heidelberg  Qualified CROs

ELARA's professional development partners



Commercial strategy

ELARA is a company committed to rapid preclinical development and validation of its lead series. This is enabled by taking a “semi-virtual approach” by supplementing its internal competencies in project management, biology, computational and medicinal chemistry with outsourcing to trusted partners. This allows for faster development, reduced costs and more flexibility.

ELARA’s goal is to further enhance the development of its lead series through a combination of equity capital investment and partnering with biotech-pharma. Our early preclinical lead series are available for partnering or out-licensing. An essential prerequisite is that such potential partners and investors share our sense of urgency and have a proven track record of progressing discovery projects into the clinic. They are expected to complement ELARA’s capabilities and network.

The team

The current management team includes:

Dr Joe Lewis, CEO, who has significant experience in drug discovery in oncology and virology from both academic and industry appointments. From 2001-2003 he was Project Leader at Anadys Pharmaceuticals Inc., with responsibility for managing its global early HCV research and discovery programmes. From 1996 to 2001 he was a Medical Research Council Senior research fellow and group leader at the Wellcome Trust Centre for Cell Biology in Edinburgh, Scotland with research focus on RNA protein interactions. He graduated in 2009 from the ESSEC and Mannheim Business School executive MBA programme.

Dr. Bernd Janssen, Chief Scientific Officer, has held various leadership and management positions in the pharmaceutical industry, most recently as Director Medicinal Chemistry with Abbott Laboratories, and previously with BASF Pharma. He has co-authored more than 50 patent applications and scientific papers and was awarded the first BASF Innovation Prize for his seminal role in successfully moving a discovery project to the market.

Sally-Anne Watson, Head of Finance & Administration, was most recently Financial Controller of a multinational company. She has acted as a consultant on various European Finance/IT-related projects for international companies.

The management team is supported by an experienced Supervisory Board that includes:

Dr. David Owen O.B.E, founder and first chairman of MVM Ltd;

Dr. Sue Foden, who has extensive experience in bio-tech start-ups and venture capital; and

Dr. Christof Antz, an entrepreneur and Partner at EMBL Ventures.

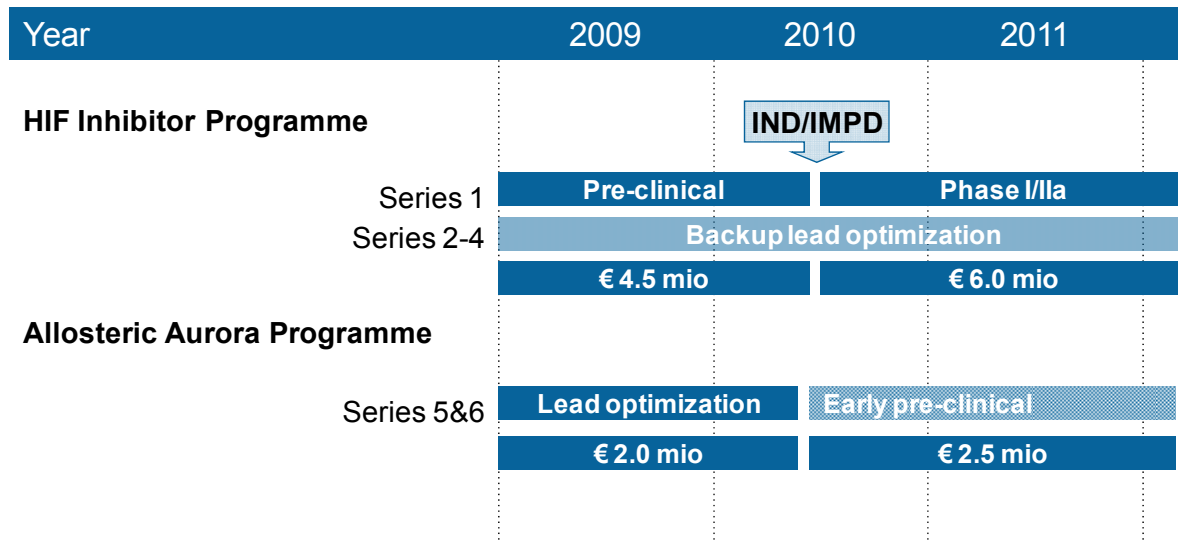
Funding summary

The German Federal Ministry of Education and Research (BMBF) GOBio initiative has provided € 2.4 million for project development within the EMBL framework since March 2007 to December 2008. ELARA has the exclusive license to develop and commercialize this technology.

Raising €12 million in this current fundraising round will allow ELARA direct access approximately €3.0 million from BMBF programmes and follow-on investment from current investors (ETF and KfW). This would provide the financial resources for development of our lead compound to clinical proof of concept.

It is envisaged that this investment will be made in two tranches: the first to IND and the second for ELARA to complete clinical proof of concept Phase I/IIa clinical trials by 2012 (see financial plan below).

ELARA's Financial Plan



Grant funding:

BMBF GOBio: 18 months ~3.0 mio€ (40% financed ELARA)

BMBF Spitzencluster: 30 months ~3.1 mio€ (50% financed ELARA)



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