



For Immediate release

Avraham Pharmaceuticals Closes an Additional Investment Round of Approximately \$6 Million by Yissum, Pontifax and Clal Biotechnology Industries

The capital is intended for the on-going Phase II clinical trial of ladostigil, a novel molecule for treatment of mild cognitive impairment; interim analysis is expected in H1 2014

Yavne, Israel, February 21, 2013 --- Avraham Pharmaceuticals Ltd. announced today that Yissum Research Development Company Ltd., the technology transfer arm of the Hebrew University of Jerusalem, Pontifax, Clal Biotechnology Industries (TASE:CBI) and the Technion Research and Development Foundation Ltd. (TRDF) invested an additional \$ 5.7 million in the Company. Following the current investment round, Yissum and Integra Holdings, Yissum's biotech holdings company, will now hold 47% of the shares of Avraham Pharmaceuticals.

Avraham Pharmaceuticals will use the newly invested capital to pursue the advanced product development program for ladostigil, a novel molecule designed for the treatment of mild cognitive impairment (MCI) and early stages of Alzheimer's disease. The Company will continue to conduct its on-going 36-month, multi-centre, randomized, double-blind, placebo-controlled, Phase II study to evaluate the safety and efficacy of ladostigil in patients diagnosed with MCI. To date, 150 patients out of a total of 200 patients have already been recruited in 16 centers in Germany, Austria and Israel. Interim analysis of the study is expected in the first half of 2014. The primary end point of the trial is to determine whether ladostigil can delay, or prevent the onset of Alzheimer's disease. The conversion to Alzheimer's disease will be determined using the Clinical Dementia Rating scale (CDR). Secondary and exploratory endpoints include the effect of ladostigil compared to placebo on different cognitive domains using cognitive batteries, changes in hippocampus, entorhinal cortex and whole brain volume determined by MRI. MRI is also used to select the population that is at higher risk to develop Alzheimer's disease.

Earlier this month, the U.S. Food and Drug Administration (FDA) issued new guidance regarding developing drugs for early stages of Alzheimer's disease. In the guidance titled, "[Guidance for Industry, Alzheimer's Disease: Developing Drugs for the Treatment of Early Stage Disease](#)," the FDA stressed the need for developing drugs that will target the very early stages of Alzheimer's disease before there is too much irreversible injury to the brain. In a press release issued on February 7, 2013, Russell Katz, M.D., director of the Division of Neurology Products in the FDA's Center for Drug Evaluation and Research is quoted as saying: "It is in this population that most researchers believe that new drugs have the best chance of providing meaningful benefit to patients." MCI is often a prodromal stage of Alzheimer's disease.

"This investment marks a vote of confidence from our existing investors in Avraham and ladostigil and will enable us to continue our on-going Phase II study with patients suffering from MCI, which is advancing as planned," said Dr. Yona Geffen, Avraham Pharmaceuticals Chief Executive Officer. "We are especially encouraged by the recently published FDA guidance that clearly states there is an unmet medical need for therapy that addresses the very early stages of Alzheimer's disease, which exactly fits the indications of ladostigil.

Yaacov Michlin, Avraham's Chairman, said, "Currently there is no treatment for MCI, and we are very hopeful, based on our promising previous clinical and pre-clinical data, that ladostigil will become the first drug to alleviate MCI symptoms and prevent progression to Alzheimer's disease, to the benefit of millions of people around the globe."

About Ladostigil

Ladostigil was designed by Professor Marta Weinstock-Rosin of the Hebrew University of Jerusalem, inventor of Exelon® and Professor Moussa B.H. Youdim of the Technion Israel Institute of Technology, inventor of Azilect®. The drug substance was first synthesized by Professor Michael Chorev of the Hebrew University, who is now based at Harvard University. All three distinguished scientists act as scientific advisors to Avraham Pharmaceuticals.

Ladostigil was originally designed as a cholinesterase and brain-selective monoamine oxides inhibitor. However, in low doses that do not inhibit the enzymes, ladostigil has neuroprotective activity, by reducing oxidative stress, reducing microglial activation and inhibiting proinflammatory cytokines. Therefore, ladostigil provides a drug candidate that may have the potential to slow progression to Alzheimer's disease in patients diagnosed with MCI. This potential has been amply demonstrated in animal models, especially in studies of ageing rats. The drug, which was exclusively licensed to Avraham Pharmaceuticals by Yissum Research Development Company Ltd., and by the Technion Research and Development Foundation Ltd. (TRDF), has proven to be safe and well tolerated in Phase I and Phase II clinical trials.

About Mild Cognitive Impairment

Mild cognitive impairment (MCI) is a syndrome defined as an intermediate stage between the expected cognitive decline of normal aging and the more pronounced decline of dementia. It involves problems with memory, language, thinking and judgment that are greater than typical age-related changes. Although MCI can present with a variety of symptoms, when memory loss is the predominant symptom it is termed "amnesic MCI" and is frequently seen as a prodromal stage of Alzheimer's disease. Prevalence in population-based epidemiological studies ranges from 3% to 19% in adults older than 65 years. There is no proven treatment or therapy for MCI.

About Avraham Pharmaceutical

Founded in 2010, Avraham Pharmaceuticals develops ladostigil, a unique, multi-functional drug substance for the treatment of mild cognitive impairment, currently undergoing a Phase II clinical trial. Investors in the Company include Clal Biotechnology Industries Ltd., the Pontifax Fund and Yissum Research Development Company Ltd., the technology

transfer arm of the Hebrew University, Integra Holdings and the Technion Research and Development Foundation Ltd.

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