

October 24, 2006 – News Release

Affectis Pharmaceuticals AG attracts € 12 Million Venture Capital Investment, Strengthens Team

Munich, Germany – Affectis Pharmaceuticals AG, a biopharmaceutical company developing novel drugs against depression and schizophrenia, has closed a € 12 million series C financing round. The round was led by Aescap Venture, a new investor in Affectis. All existing investors participated in the round. In addition, Affectis has strengthened its management team and Advisory Board. Dr Michael Bös, previously Director of Chemistry at Boehringer Ingelheim (Canada) Ltd., has joined Affectis as Vice President, Research and Development. Dr Domenico (Dinko) Valerio, Co-Founder and General Partner of Aescap Venture, will join the Supervisory Board of Affectis. Affectis will use the proceeds of the financing round to advance its product candidates.

Affectis has selected lead candidates targeting the P2X7 pathway, one of which will be taken into clinical development soon. P2X7 is an ion channel involved in neuroprotection, the modulation of inflammatory processes, and in neurotransmission in the hippocampus region of the brain. Studies published by Affectis earlier this year demonstrated a strong association between a genetic variant of the receptor gene and the onset of depression and bipolar disorders.

Dr Herbert Stadler, CEO of Affectis Pharmaceuticals AG commented: “We are very excited to welcome Michael Bös as VP Research and Development. Michael has 20 years of experience in drug discovery and development with major pharmaceutical companies, such as Roche and Boehringer Ingelheim, and has exceptional expertise in projects targeting CNS diseases.

Dinko Valerio added: “Affectis has the potential to become a leader in the market of drugs against depression and schizophrenia. P2X7 holds the promise to become the first truly novel target for the treatment of depression in more than a decade. With its experienced and focused management team the company has matured to a stage where it is poised to accelerate and where it can also take on in-licensing opportunities. We are delighted to have Affectis as the first investment in Aescap’s portfolio.”

Dr Joachim Rothe, a Partner at LSP and Vice-Chairman of the Board, added: “Affectis already has made impressive progress in advancing and broadening its pipeline and it is now on the verge of becoming a clinical stage company. With the new funding Affectis will be able to pursue its promising opportunities.”

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Notes to Editors

About Affectis Pharmaceuticals AG

Affectis is a biopharmaceutical company implementing novel concepts for the treatment of mental disorders, especially depression and schizophrenia. The Company has unique capabilities to discover and develop drugs based on pioneering findings in the field of mental disorders. These drugs address the increasing need for more comprehensive and faster-acting antidepressants with fewer side effects. Affectis started operations in November 2003 as a spin-off from the renowned Max-Planck-Institute of Psychiatry, a world leader in the field of psychiatric research. A strong team of executives and scientists with long-term industry experience contribute to Affectis' progress. The Company raised its third round of venture financing in October 2006, led by Aescap Venture. Affectis is based in Munich, Germany.