

Press Information

Procarta secures major new investment to continue development of novel antibiotics

Procarta Biosystems Ltd., which is developing a novel class of DNA-based antibiotics capable of tackling drug-resistant infections, announced today a round of equity investment totaling £730,000 with the potential to rise to £1.25 million. The round was led by Morningside Venture Investments Limited and included Procarta's current investors, Rainbow Seed Fund and Icení Seedcorn Fund.

Procarta's discovery initiatives target next generation of antibiotics to tackle the rising threat of superbugs. Procarta's flexible approach allows rapid development of drug candidates against challenging infections for which there are few therapeutic options. This raise will be applied to progress Procarta's anti-MRSA lead compound and deepen the company's already extensive pipeline, with particular emphasis on new therapeutics active against Gram-negative strains, such as *Pseudomonas aeruginosa* - a common complication associated with people with Cystic Fibrosis.

Dr Michael McArthur, Procarta's scientific co-founder and CSO, commented: "Coming on the back of positive scientific results, this raise validates the Procarta's platform's promise to cope with the emerging threat of antibiotic resistance. We are thrilled to see this capital infusion which will allow us to drive all of our programmes forward and build on the early-stage interest expressed by major pharmaceutical companies."

"Morningside is pleased to support the development of Procarta's innovative platform to help combat bacterial infections such as MRSA and Gram-negative infections," commented Dr. Isaac Cheng of Morningside. "The company has the potential to significantly beneficially impact one of the most serious public health challenges facing the world today- the rise of antibiotic resistance."

In conjunction with this investment, the company is strengthening its Board by appointing two investor Directors designated by Morningside and Rainbow alongside Dr David Knowles as the Chairman. David is internationally renowned as a pioneer of antibacterial research and a successful developer of therapeutics. David comes to Procarta with twenty years' experience in senior positions in major international pharmaceutical companies, including SmithKline Beecham, where he was Director of Molecular Biology. For the past ten years he has acted as CSO/R&D Director for several companies in the biotech sector in the UK (RiboTargets plc., British Biotech plc., Piramed Ltd, CellCentric) as well as advising other biotechs and Private Equity Funds in the UK, US, Europe and Asia.

"I am delighted that Procarta has secured this funding. The company's elegant therapeutic platform is potentially applicable to a wide range of bacterial diseases and Procarta can now advance its portfolio of much-needed anti-bacterials," said Dr Knowles.

Mark White of Rainbow commented "the fund-raising environment for early stage biotech is extremely difficult and we are delighted to have secured funding from a supportive investor such as Morningside. We have been highly impressed with the progress made so far by Michael McArthur and his team and we are delighted at his recent recognition as the Most Promising Innovator of the Year at the National BBSRC Innovator of the Year awards."

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Notes for Editors:

Procarta Biosystems Limited (www.procartabio.com) is a company formed by The John Innes Centre, Plant Bioscience Limited (PBL) and the founding scientists Dr Michael McArthur and Professor Mervyn Bibb. It previously received £320 000 funding from Icenic Seedcorn fund and the Rainbow Seed Fund and began operations in July 2007. It is currently headquartered in the Norwich Bioincubator.

Morningside (www.Morningside.com) is a diversified investment group founded in 1986 by the Chan family of Hong Kong. The Chan family founded the Hang Lung Group in Hong Kong in 1960. Morningside is engaged primarily in private equity and venture capital investments. The group has investments in North America, Europe, across Asia-Pacific, and since 1992, in Mainland China. Morningside was one of the earliest institutional investors in China's internet industry and in recent years has been a leader in China's emerging biotechnology sector.

The £10m **Rainbow Seed Fund** (<http://www.midven.co.uk/Rainbow-Seed-Fund/>) was established in 2001 with funding from the Office of Science and Innovation to commercialise scientific research in a leading group of the UK publicly funded institutions, its partners. The Fund, which is independently managed by Midven Ltd, made its first investment in 2002, and currently has a portfolio of 18 companies with one exit to date.

The Fund invests at the earliest stages of a technology's development, and helps to turn an idea into a business by actively identifying and supporting experienced management and facilitating additional co investment. Rainbow's partners spend over £1 billion on research and development every year giving the Fund privileged access to high quality investment propositions at the earliest stage.

The Icenic Seedcorn Fund (<http://www.icenifund.com/>) was established following a successful bid by a regional consortium of universities and institutes to the Department of Trade and Industry's University Challenge Fund and invests in the commercialisation of research results arising in partner academic institutions in the Eastern region of the UK such as the University of East Anglia, the John Innes Centre, the Institute of Food Research, the Sainsbury Laboratory, PBL and the University of Essex, through either the creation of new ventures or through licensing.