

**A Xenia Portfolio Company Closes a \$2m Round:**

**Polypid Raises NIS 7.6 according to a NIS 38 Post-Money Valuation**

**According to Anat Segal, CEO of Xenia,** “We are happy to begin 2012 with a significant funding round for one of our promising portfolio companies. This round will enable the company to conduct clinical trials for its first product, which is intended to treat bone infections, and to continue developing its platform technology”

**Kiryat Gat, Israel – January 23, 2012 – Xenia Venture Capital (TASE: XENA)** has announced that its portfolio company Polypid (in which Xenia holds 22.33 percent, fully diluted), which is developing a drug carrier that enables long lasting and pre-programmed release of therapeutic drugs, has raised approximately NIS 7.6 million according to a NIS 38 million post money valuation. Investors in the round include Xenia, which is will be investing NIS 1.1 million, as well as existing shareholders and additional investors.

**According to Anat Segal, CEO of Xenia,** “We are happy to begin 2012 with a significant funding for one of our promising portfolio companies. Polypid’s carrier technology, for the local delayed release of drugs, can serve as a solution for a wide range of applications targeting huge markets. The round will enable the company to start clinical trials for its first product, which is aimed at the orthopaedic field, as well as to continue developing its platform technology”.

Segal added: “Most of Xenia’s portfolio companies are at the sales stage. In addition, four of our medical device companies have obtained certification for the marketing of their products. We believe that in 2012, our portfolio companies will continue to demonstrate progress, creating value for our shareholders.”

Polypid is a medical device company which develops a unique drug carrier technology that enables long lasting and pre-programmed release of a wide range of therapeutic drugs. Polypid’s technology can serve as a platform for a large number of applications which will enable more efficient treatment of long term local treatment necessary in many medical fields. Today, Polypid develops a family of products aimed at the treatment of bone infections in the field of orthopedics. PolyPid’s solution constitutes a unique platform combining the prompting of bone regeneration by using biological scaffolding, which is currently used in this field, and local, effective antibiotic treatment, which is already activated at the preliminary surgical procedure.

Polypid’s board of directors and its advisory board include key names from the local and international world of therapeutic drugs, including Dr. Yafit Stark, Chief Clinical Officer at Teva Pharmaceutical industries LTD and member of Xenia’s advisory board, Prof. Hezi Bernholtz, Prof. David Segal and others.

Lately, Polypid was accepted as a member in a number of consortia led by world leaders in the field, to which it will contribute its unique technology and knowledge, and through which it will receive funds for specific developments.

**About Xenia Venture Capital:**

Xenia Venture Capital (TASE: XENA) is a publically traded investment company that operates a technological incubator and owns a franchise that entitles it to benefit from financing by the Office of the Chief Scientist of the State of Israel. Xenia Venture Capital specializes in investments in start-ups in the fields of IT, Internet, Communication and Medical Devices. Among Xenia's founders and main shareholders are Anat Segal (CEO), C. Mer Industries, leading institutional investors including IBI, Menora Insurance Group, Dash Apax, Mivne Taasia (of Fishman Group), and others. Xenia's Board of Directors and Advisory Board comprise of highly successful entrepreneurs, academia and high-tech industry executives, including Haim Mer, Tal Menipaz, Dr. Orna Berry, Roni Einav, Aki Ratner, Gideon Mantel, Dr. Yafit Stark, Prof. Yossi Shaham, and others. Xenia's goal is to jump-start and support entrepreneurs so as to increase their chances of success in global markets and enhance the realization of their companies' business potential. Since its establishment at the end of 2003, Xenia Venture Capital has invested in more than twenty companies, many of which have completed follow-on investment rounds, launched products in global markets, reached significant sales and profitability and formed valuable strategic partnerships. Leading IT portfolio companies include, among others, Correlix, Arcos, BandWD, Safepeak, Superfish, M-Photo, Intuview, Playcast, SAManage, BookPulse and Saguna. In the medical device field, Xenia has invested in BioProtect, NeatStitch, Medi-tate, Polypid, ActiVein, Xenolith, and OrthoSpace. Please visit our website at: [www.xenia.co.il](http://www.xenia.co.il)