

Significant increase in value for a Xenia portfolio company in a single year:

PolyPid Raises More than NIS 9 million at a NIS 69 million Post-Money Valuation

Anat Segal, CEO of Xenia: "We started 2012 with a significant funding round for PolyPid, and are ending the year with a round which puts the company's value at almost twice the amount"

Israel, Kiryat Gat, January 1st, 2013, Xenia Venture Capital (TASE:XENA) - has announced that PolyPid (in which Xenia holds 22.33%, fully diluted), which develops a unique drug carrier that enables localized release of therapeutic drugs, has raised more than NIS 9 million (US \$2.4 million), at a NIS 69 post money valuation, almost twice the value of the previous round. The round is conducted by Xenia, which will invest NIS 650,000 (US \$170,000), along with existing shareholders and additional investors.

According to Anat Segal, CEO of Xenia: "We are happy about the investment round at PolyPid, which is one of our most promising medical start ups. We began 2012 with a significant round of funding for PolyPid, and are ending the year with a round which puts the company's value at almost twice the amount. This achievement stems from PolyPid's carrier technology, for localized delayed release of drugs, which was proven feasible in a ground breaking clinical trial conducted this year. The funds will enable PolyPid to continue conducting clinical trials and for developing additional applications using its platform technology".

According to Amir Weisberg, CEO and investor at PolyPid: "PolyPid's platform and its first product – BonyPid – have already been presented in international conferences, garnering significant interest among various entities in the pharmaceutical and orthopedic fields. The first results of the clinical trial are highly encouraging and point to a significant potential".

Ms. Segal further added: "In 2012 we conducted a number of follow on funding rounds for our portfolio companies, and had exits in Arcos and SAManage, creating significant value and return on investment. We believe that our portfolio companies will continue to show progress in 2013, creating further value for our shareholders".

About PolyPid

PolyPid is a medical device company which has developed 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 required in many medical fields. PolyPid currently 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 stage. 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.

About Xenia Venture Capital:

Xenia Venture Capital (TASE: XENA) is a publically traded investment company that invests in seed stage startups, nurtures, and escorts and them through their various stages of development, leading them to become viable, independent and successful high-tech companies in the areas of IT, Internet, mobile and Medical Devices. Xenia invests first via its technological incubator, benefiting of funds from the office of the chief scientist of the State of Israel (OCS), and then via follow on investments in its portfolio companies. Xenia's goal is to increase value of its holdings, to successfully materialize its investments, and to continue to create new startups, in an evergreen model.

Among Xenia's founders and main shareholders C. Mer Industries, Mivne Taasia (of Fishman Group), leading institutional investors including IBI, Menora Insurance Group, Dash Apex, Anat Segal (CEO), and others. Xenia's Board of Directors and Advisory Board comprise of highly successful entrepreneurs, academia and high-tech industry executives, including Tal Menipaz, Haim Mer, Dr. Orna Berry, Prof. Gaby Barabash, Roni Einav, Aki Ratner, Gideon Mantel, Dr. Yafit Stark, and others

Since its inception in 2003, Xenia Venture Capital has invested in more than twenty five 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, 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. For more information, Please visit our website at: www.xenia.co.il.