

PRESS RELEASE



Palau Pharma signs an exclusive option agreement with Sensorion Pharmaceuticals for the development of Palau's histamine-4 receptor antagonist, UR-63325, for the treatment of vestibular disorders

Barcelona, Spain, and Montpellier, France, July 30, 2012. Today Palau Pharma ("Palau") announces that it has entered into an exclusive option agreement for its clinical stage product UR-63325, under internal development for the treatment of asthma, with Sensorion Pharmaceuticals ("Sensorion"), a leading French biopharmaceutical company specifically dedicated to the development of novel drugs for the treatment of vestibular disorders. Financial terms of the transaction have not been disclosed.

UR-63325 is an investigational antagonist of the histamine-4 receptor, a novel and first-in-class therapeutic target implicated in several inflammation-based pathologies. The product has recently finished Phase I clinical trials showing an excellent safety and PK/PD profile. Furthermore, UR-63325 has shown promise in the treatment of respiratory conditions, and in particular asthma.

While Palau will pursue the development of UR-63325 for asthma, the company has granted certain rights to Sensorion for the development of the product for vestibular disorders, most notably vertigo. A pharmacological link between inhibition of the histamine-4 receptor and treatment of vestibular pathologies has been established, and this potential will be pursued by Sensorion.

Commenting on the deal, Ignacio Faus, CEO of Palau Pharma said: *"The execution of this transaction will allow Palau Pharma to maximize the potential of UR-63325 in a new set of indications with high unmet medical needs. More than one third of all adults suffer from one form or another of vestibular disorders. The development path that Sensorion Pharmaceuticals will take with UR-63325 might lead to breakthroughs in the treatment of such pathologies for which there are no curative treatments and the few available options are very limited in terms of efficacy and safety. In parallel, Palau Pharma will continue the development of UR-63325 for the treatment of asthma"*.

"We are very excited by this new licensing agreement that allows Sensorion to rapidly progress development into many new and innovative drug candidates, such as UR-63325 in the histamine receptor field, and meet patient's and doctor's expectations in our domain of expertise, the inner ear diseases" said Laurent Nguyen, CEO of Sensorion. *"This new biotech-to-biotech partnership will help to maximize value creation from our R&D engine applied to new chemical entities already in development in other therapeutic areas"* he added.

Once more this transaction reinforces Palau Pharma's strategy, which is based on leveraging the company's internal resources with partnerships with other companies, research centers and academic institutions. This approach has been validated by several partnering agreements already executed. Two of the partnered projects have already reached the major international markets and contribute recurrent royalty streams to Palau Pharma.

The international legal services firm Baker & McKenzie has advised Palau Pharma in this transaction.

About Palau Pharma

Palau Pharma (www.palaupharma.com) is a privately-owned biopharmaceutical company committed to developing innovative medicines that target the unmet needs of patients suffering from inflammatory and autoimmune diseases, such as asthma, rheumatoid arthritis, atopic dermatitis, psoriasis, ulcerative colitis, and others. Palau began its operations in November 2006 and its pipeline includes an extensive portfolio of projects, six of which are in clinical development. Additionally, Palau has forged important partnerships with internationally renowned companies. Its current shareholders are Grupo Uriach, Caja Duero, Andosins Capital, CatalunyaCaixa, Najeti Capital and senior management.

About Sensorion

Sensorion (www.sensorion-pharma.com) is a biopharmaceutical company, pioneer in the area of the pathologies of the inner ear. Malfunctioning of the inner ear, which encompasses the cochlea and the vestibular system, leads to a number of troubles of audition and of equilibrium such as deafness and vertigos, which are particularly incapacitating in older patients. Sensorion has developed an integrated platform of in vitro and in vivo tests which have allowed the Company to rapidly progress in the understanding of these pathologies, and to identify novel active compounds. The Company, founded in 2009 on the basis of work by Dr. Christian Chabbert and his team at U583, INSERM, at the Institute of Neurosciences of Montpellier, has benefited since its inception from the support of Inserm Transfert Initiative, a seed-capital company that has raised €35.5 million in new funding in 2012 and the support of InnoBio Fund, a M€139 fund specialized in biotechnologies and managed by CDC Entreprises.

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