Media Release

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PHARMAXIS SIGNS AGREEMENT WITH BOEHRINGER INGELHEIM FOR SSAO INHIBITOR PXS4728A

Pharmaceutical company Pharmaxis (ASX: PXS) today announced it has signed an Option and Asset Purchase Agreement with Boehringer Ingelheim International GmbH (Boehringer) for the Pharmaxis Semicarbazide-Sensitive Amine Oxidase/Vascular Adhesion Protein-1 (SSAO/VAP-1) Inhibitor PXS4728A.

Boehringer's primary interest in PXS4728A is directed at the liver related disease Non-Alcoholic Steatohepatitis (NASH). NASH is the progressive form of non-alcoholic fatty liver disease (NAFLD) which is the most common liver disorder in Western industrialized nations with an estimated 30% prevalence in the United States for NAFLD and 3-5% for NASH. NASH is regarded as a major cause of cirrhosis of the liver and is an area of high unmet clinical need. The high prevalence of type 2 diabetes and obesity, which can lead to NASH and other non-alcoholic fatty liver diseases, is expected to make NASH potentially the most common cause of advanced liver disease in coming decades and the market has been estimated to exceed $3.5billion by 2025. Other indications where PXS4728A could have an application include respiratory diseases such as chronic obstructive pulmonary disease (COPD).

Under the terms of the agreement Boehringer has been granted an exclusive option to acquire world-wide rights to PXS4728A and related SSAO/VAP-1 inhibitor molecules. The option provides Boehringer with the opportunity to complete its diligence assessment of PXS4728A. According to the timetable agreed between Boehringer and Pharmaxis the option is expected to expire on 15 May 2015. The fee payable to Pharmaxis for grant of the option is €1.25 million (approximately A$1.8 million).

If the option is exercised, Boehringer will acquire Pharmaxis' entire PXS4728A program including all patents and know-how, and Boehringer will then be responsible for all development, regulatory, manufacturing and commercialisation activities.

Pharmaxis will receive an upfront payment of €27.5 million (approximately A$39m) if the option is exercised and, subject to the continuing successful development and commercialisation of the PXS4728A program, the following payments:

- development milestone payments tied to the commencement of phase 2 and 3 clinical trials
- approval milestone payments tied to the filing of marketing applications and regulatory and pricing approvals for the first indication in major pharmaceutical markets (ie USA, EU and China/Japan)
- earn out payments calculated as a tiered percentage share of net sales
- net sales milestone payments
- milestones tied to the development and approval of an additional indication

Pharmaxis CEO Mr Gary Phillips said, "The Pharmaxis Drug Discovery team has developed a globally recognised and leading position in amine oxidase chemistry and PXS4728A is the first product from that platform to enter into human clinical studies. We believe the product has the potential to make a real difference in the treatment of patients with NASH, COPD and other diseases which cause much suffering. I am delighted Boehringer has taken the option over this technology. The company has a strong strategic interest in metabolic diseases and the necessary resources and expertise to clinically develop the product and deliver benefit to patients worldwide."

Mr Phillips added, “Realising significant value from our drug discovery pipeline was one of the key objectives in the restructuring of Pharmaxis. If the option under the agreement announced today is exercised then it will be a transformational event that allows Pharmaxis to further exploit its expertise in amine oxidase chemistry in other diseases with high unmet need. We will provide further information on this agreement and our strategy when Boehringer decides on the option, but in the meantime we are actively reviewing research collaborations for the LOXL2 program that will accelerate the program and enable us to also take it into the clinic.”

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About Pharmaxis
Pharmaxis (ACN 082 811 630) is a specialist pharmaceutical company with a portfolio of products at various stages of development and approval. Its product Bronchitol® for cystic fibrosis is marketed in Europe and Australia and a phase 3 trial to enable completion of an NDA for the US market is underway. Its product Aridol® for the assessment of asthma is sold in Europe, Australia and Asia. The company’s development pipeline of products includes Lysyl Oxidase Inhibitors (LOX) targeting fibrotic diseases including pulmonary fibrosis and some cancers and Semicarbazide-Sensitive Amine Oxidase Inhibitors (SSAO) for inflammatory disease including Chronic Obstructive Pulmonary Disease (COPD) and Non-alcoholic steatohepatitis (NASH). Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company’s head office, manufacturing and research facilities are located in Sydney, Australia.

About Boehringer Ingelheim
The Boehringer Ingelheim group is one of the world’s 20 leading pharmaceutical companies. Headquartered in Ingelheim, Germany, Boehringer Ingelheim operates globally with 142 affiliates and a total of more than 47,400 employees. The focus of the family-owned company, founded in 1885, is researching, developing, manufacturing and marketing new medications of high therapeutic value for human and veterinary medicine.

Taking social responsibility is an important element of the corporate culture at Boehringer Ingelheim. This includes worldwide involvement in social projects, such as the initiative "Making More Health" and caring for the employees. Respect, equal opportunities and reconciling career and family form the foundation of the mutual cooperation. In everything it does, the company focuses on environmental protection and sustainability.

In 2013, Boehringer Ingelheim achieved net sales of about 14.1 billion euros. R&D expenditure corresponds to 19.5% of its net sales.

Forward-Looking Statements
Forward-looking statements in this media release include statements regarding our expectations, beliefs, hopes, goals, intentions, initiatives or strategies, including statements regarding the potential of PXS4728A. All forward-looking statements included in this media release are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. We cannot guarantee that any product candidate will receive regulatory approval or that we will seek any such approval.