News Release

Bayer and Versant Ventures Join Forces to Launch Stem Cell Therapy Company BlueRock Therapeutics with USD 225 Million Series A Financing

- BlueRock Therapeutics is focused on breakthrough treatments based on latest stem cell technology in combination with superior cell differentiation protocols
- BlueRock Therapeutics’ vision is to cure diseases with significant cell loss and diminished self-repair potential with an initial focus on cardiovascular, neurological and other conditions

Leverkusen, Germany, Boston, New York, USA, Toronto, Canada and Kyoto, Japan, December 12, 2016 – Bayer AG and Versant Ventures today announced the launch of BlueRock Therapeutics, a next-generation regenerative medicine company that plans to develop best-in-class induced pluripotent stem cell (iPSC) therapies to cure a range of diseases using an industry-leading platform. BlueRock Therapeutics will be led by a world-class team and has assembled its platform through a series of strategic partnerships with academia and industry.

To enable BlueRock Therapeutics’ platform and pipeline, Bayer and Versant are committing USD 225 million, representing one of the largest-ever series A financings for a biotech company. The funds are projected to give BlueRock Therapeutics at least four years of runway and will allow the new company to advance a number of programs into the clinic, with an initial focus on cardiovascular diseases and neurodegenerative disorders.

“Accessing cell based therapies is part of Bayer’s strategy. We are launching this enterprise to develop transformative and curative therapies for patients based on the latest stem cell technology,” said Kemal Malik, member of the Board of Management of Bayer AG and responsible for Innovation. “We have partnered with Versant Ventures to
build a leading player in this field by securing exclusive access to these breakthrough technologies for BlueRock Therapeutics.”

BlueRock Therapeutics’ platform is enabled by strategic partnerships with a number of leading academic and industry collaborators in the U.S., Canada and Japan.

One of BlueRock Therapeutics’ initial programs is to regenerate heart muscle in patients who have had a heart attack (myocard infarction, MI) or are suffering from chronic heart failure, leading causes of morbidity and mortality worldwide. An MI may cause severe secondary diseases such as heart failure or irregular heartbeat. The program is being advanced in collaboration with the Toronto-based McEwen Centre for Regenerative Medicine and University Health Network (UHN) including Dr. Gordon Keller, who is a world leader in stem cell biology and a scientific co-founder of BlueRock Therapeutics, and Dr. Michael A. Laflamme, who is a cardiac cell therapy pioneer and founding investigator of BlueRock Therapeutics. The goal of the program is to restore the electrical and contractile function of injured hearts through remuscularization with pluripotent stem cell-derived cardiomyocytes.

Integral to BlueRock Therapeutics' formation is a wide-ranging strategic partnership with Memorial Sloan Kettering, Dr. Lorenz Studer, a scientific co-founder of BlueRock Therapeutics and 2015 MacArthur Genius Award winner, and Viviane Tabar, neurosurgeon and founding investigator of BlueRock Therapeutics, to advance stem cell therapy programs that address various neurological diseases with high unmet need. Dr. Studer, a world leader in the field of developing neurons from stem cells has pioneered large scale production of dopamine neurons and his research has led to important breakthroughs that show the potential to directly treat PD through replacement therapy with functional, stem cell-derived, dopamine-producing neurons.

The manufacturing platform at BlueRock Therapeutics will be enabled by a partnership with the Toronto-based CCRM, a leader in developing and commercializing regenerative medicine technologies, and cell and gene therapies. CCRM has developed technologies and expertise to support robust and scalable GMP production of various stem cell types for cellular therapeutics.

Importantly, the basis for the overall approach is iPSC intellectual property (IP) invented by Nobel Prize winner Dr. Shinya Yamanaka of Kyoto University and licensed from iPS
Academia Japan Inc., which manages iPSC IP. This foundational IP will allow the company to create iPSCs, which will be an important cell source.

“We have closely tracked the field of regenerative medicine for the past five years and believe the time is right to invest in stem cell therapies given recent breakthroughs in cell differentiation, manufacturing and engineering,” said Dr. Jerel Davis, managing director at Versant Ventures. “We are delighted to team up once again with Bayer and to be partnering with such a distinguished group of founders and institutes.”

BlueRock Therapeutics will have research and development operations in Toronto, New York and Boston that will allow the company to benefit from its international and cross-border partnerships. The BlueRock Therapeutics Board of Directors will be comprised initially by Dr. Brad Bolzon and Dr. Jerel Davis representing Versant Ventures and Dr. Juergen Eckhardt and Dr. Axel Bouchon representing Bayer.

“iPSC technology has the potential to successfully tackle some of the most challenging diseases on this planet,” said Dr. Axel Bouchon, head of the Bayer Lifescience Center (BLSC), “We are fully aware that this will take time and there are many obstacles to overcome. But by combining the best minds around the globe and providing bold resources we believe we can achieve this ultimate goal of curing such diseases.”

BlueRock Therapeutics is the second large investment by the BLSC, which operates as a strategic innovation unit in Bayer directly reporting to Bayer’s Board of Management. The BLSC has the mission to uncover, encourage and unlock fundamental scientific breakthroughs in medicine and agriculture more rapidly by enabling innovative partnerships and new company creation with best-in-class biotechnology companies or academia. In December 2015, the BLSC formed a joint venture – Casebia – with CRISPR Therapeutics AG, a gene editing company co-founded by Versant.

**Bayer: Science For A Better Life**

Bayer is a global enterprise with core competencies in the Life Science fields of health care and agriculture. Its products and services are designed to benefit people and improve their quality of life. At the same time, the Group aims to create value through innovation, growth and high earning power. Bayer is committed to the principles of
sustainable development and to its social and ethical responsibilities as a corporate
citizen. In fiscal 2015, the Group employed around 117,000 people and had sales of EUR
46.3 billion. Capital expenditures amounted to EUR 2.6 billion, R&D expenses to EUR 4.3
billion. These figures include those for the high-tech polymers business, which was
floated on the stock market as an independent company named Covestro on October 6,
2015. For more information, go to www.bayer.com.

About Versant Ventures
Versant Ventures is a leading healthcare investment firm committed to helping
exceptional entrepreneurs build the next generation of great healthcare companies. The
firm invests across the healthcare sector and at all stages of company development, with
an emphasis on the discovery and development of novel therapeutics. With $1.9 billion
under management and offices in North America and Europe, Versant has built a team
with deep investment, operating, and scientific expertise that enables a hands-on
approach to company building. Since the firm's founding in 1999, more than 65 Versant
companies have achieved successful acquisitions or IPOs. For more information, please
visit www.versantventures.com.

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Forward-Looking Statements
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