

FACTOR THERAPEUTICS LIMITED

ACN 101 955 088

Entitlement Offer information booklet

**1 for 7 pro rata non-renounceable Entitlement Offer at \$0.04 per Share to raise
approximately \$4.17 million before Offer Costs.**

The Entitlement Offer is fully underwritten

Last date for acceptance and payment: 5.00pm (Sydney time) on Wednesday, 11 April 2018

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered for issue under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

Lead Manager and Underwriter



TAYLOR COLLISON

Legal adviser

Lawyers

**McCullough
Robertson**

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IMPORTANT NOTICES

This Information Booklet is dated 14 March 2018. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Entitlement Offer is being made without a prospectus under section 708AA Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Information Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

Factor may make additional announcements after the date of this Information Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than Factor has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares or Top Up Shares through BPAY in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares or Top Up Shares is to be made in countries other than Australia and New Zealand. The distribution of this Information Booklet (including an electronic copy) in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Factor to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Factor shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand).

This document has not been registered, filed with or approved by a New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in section 5. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Factor considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Information Booklet or the subsequent disposal of any New Shares. Factor recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

Factor collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Factor.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Factor (directly or through the Share Registry). Factor collects, holds and will use that information to assess your Application. Factor collects your personal information to process and administer your shareholding in Factor and to provide related services to you. Factor may disclose your personal information for purposes related to your shareholding in Factor, including to the Share Registry, Factor's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Factor holds about you. To make a request for access to your personal information held by (or on behalf of) Factor, please contact Factor through the Share Registry.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by Factor or any of its officers.

Past performance

Investors should note that Factor's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Factor's future performance including Factor's future financial position or share price performance.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Factor and certain plans and objectives of the management of Factor. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Factor, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Factor. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures.

Risks

Refer to section 4 of this Information Booklet for a summary of general and specific risk factors that may affect Factor.

Letter from the Chairman

14 March 2018

Dear Shareholder

I am pleased to write to you, as a valued shareholder of Factor Therapeutics Limited (**Factor**), and offer you the opportunity to participate in Factor's recently announced fully underwritten non-renounceable entitlement offer of new ordinary shares in Factor (**New Shares**) at an issue price of \$0.04 per New Share (**Entitlement Offer**).

This is an exciting time for Factor, and the Board has been very pleased to see momentum building as we continue to actively manage our Phase 2b clinical trial of VF001 in venous leg ulcers (**VLU**) towards readout. The one-hundredth patient was enrolled into the trial in early February, recruitment has continued to grow, and we remain on track to complete recruitment of the study in calendar Q2.

The results from this pivotal clinical trial will provide important information about the benefit of using VF001 to improve VLU healing. The primary endpoint – change in ulcer size – is the key measure of success from both a commercial and regulatory perspective. Our core focus as a company is on research and development of our assets for wound care and other dermatology uses; as well as identifying novel applications of our vitronectin-based platform technology. With a successful VF00102 readout our immediate focus will be returning to the CE Mark process and commercial introduction of VF001; and consulting with FDA on the Phase 2b results and the Company's further plans, prior to initiating Phase 3.

Entitlement Offer

On 14 March 2018, Factor announced its intention to raise approximately \$4.17 million through the Entitlement Offer.

The proceeds of the Entitlement Offer will be applied principally to both driving the lead program through the completion of Phase 2b and towards end of Phase 2 regulatory readiness; and to progress selected pipeline assets to next milestones. The benefits that are expected to flow from this initiative, for Factor and its shareholders, are described in Factor's investor presentation lodged with the Australian Securities Exchange (**ASX**) on 14 March 2018 (and included in this Information Booklet in section 2).

Under the Entitlement Offer, Eligible Shareholders have the opportunity to invest at the price of \$0.04 per New Share. The issue price of \$0.04 per New Share represents a 15% discount to the closing price of Factor shares on Friday, 9 March 2018 (being the last trading day before announcement of the Entitlement Offer).

The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed in this Information Booklet. If you take up your entitlement, you can also apply for additional shares under a 'top-up' facility (refer to section 3 of this Information Booklet for more information).

The Entitlement Offer is fully underwritten by Taylor Collison Limited (the **Underwriter**).

The Entitlement Offer is non-renounceable and therefore your entitlements will not be tradeable on ASX or otherwise transferable. We encourage you to consider this offer carefully.

Each Factor Director currently eligible to participate in the Entitlement Offer has committed to take up all of their Entitlements under the offer.

Mr John Michailidis, Non-Executive Director, has also agreed to partially sub-underwrite the Entitlement Offer up to an amount of \$40,000 through an agreement with Taylor Collison Limited as Underwriter.

Other information

This Information Booklet contains important information, including:

- the investor presentation referred to above, which was released to ASX on 14 March 2018, and provides information on Factor, the Entitlement Offer and key risks for you to consider;
- instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates;
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions; and
- instructions on how to take up all or part of your Entitlement via BPAY.

The Entitlement Offer closes at 5.00pm on Wednesday, 11 April 2018.

Please read in full the details on how to submit your application, which are set out in this Information Booklet. For further information regarding the Entitlement Offer, please call 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday during the offer period.

An investment in Factor should be considered speculative. Section 4 identifies the major risks associated with an investment in Factor. You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of Factor Therapeutics, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



Dr Cherrell Hirst, AO
Chairman

Summary of the Entitlement Offer

Entitlement Offer	
Ratio	1 New Share for every 7 existing Factor ordinary shares
Issue Price	\$0.04 per New Share
Size	104,291,826 New Shares
Gross proceeds	\$4.17 million

Key dates

Activity	Date
Announcement of the Entitlement Offer	Wednesday, 14 March 2018
Mailing of the Entitlement Offer details in accordance with Appendix 3B	Thursday, 15 March 2018
Ex-date	Friday, 16 March 2018
Record Date for Entitlement Offer (7.00pm (Sydney time))	Monday, 19 March 2018
Information Booklet and Entitlement and Acceptance Form despatched	Thursday, 22 March 2018
Entitlement Offer opens	Thursday, 22 March 2018
Closing date for acceptances under Entitlement Offer (5.00pm (Sydney time))	Wednesday, 11 April 2018
Announcement of results of Entitlement Offer and under-subscriptions	Friday, 13 April 2018
Allotment of New Shares issued under the Entitlement Offer	Wednesday, 18 April 2018
Despatch of holding statements for New Shares issued under the Entitlement Offer	Thursday, 19 April 2018
Normal ASX trading for New Shares issued under the Entitlement Offer commences	Thursday, 19 April 2018

This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriter, subject to the Listing Rules. The last date to extend the Closing Date is Friday, 6 April 2018. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Enquiries

For further information, telephone 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday during the offer period. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser. If you have lost your Entitlement and Acceptance Form and would like a replacement form, you should contact the Share Registry on 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia).

1 Description and effect of the Offer

1.1 Overview

The Entitlement Offer is a non-renounceable offer of 104,291,826 New Shares at \$0.04 per New Share to raise about \$4.1 million (before direct offer costs including fees paid to the Underwriter and advisers and to providers of specific services to cover share registry, printing and postage costs).

The proceeds of the Entitlement Offer will be applied principally to both driving the lead program through the completion of phase 2b and towards end of phase 2 regulatory readiness; and to progress selected pipeline assets to next milestones.

Eligible Shareholders who are on Factor's share register on the Record Date are entitled to acquire 1 New Share for every 7 Shares held on the Record Date (**Entitlement**).

Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The issue price of \$0.04 per New Share represents a discount of 15% to the closing price of Factor shares on Friday, 9 March 2018 (being the last trading day before announcement of the Entitlement Offer).

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on ASX, nor can they be transferred or otherwise disposed of.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement.

Eligible Shareholders who do not take up all of their Entitlements will have their percentage shareholding in Factor diluted.

Eligible Shareholders should be aware that an investment in Factor involves risks. The key risks identified by Factor are summarised in the Investor Presentation set out in section 2 and in section 4 of this Information Booklet and we encourage shareholders to carefully review Section 4.

1.2 Issue of additional Shares under the Top Up Facility

Any New Shares not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top Up Facility.

There is no guarantee that those Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any. There is no cap on the number of additional New Shares that Eligible Shareholders may apply for under the Top Up Facility, although the number of New Shares available under the Top Up Facility will not exceed the shortfall from the Entitlement Offer. The Underwriter, in consultation with the Company, shall determine an appropriate allotment and scaling policy (including allocations under the Top Up Facility). Therefore the Directors reserve the right to allot and issue New Shares under the Top Up Facility at their discretion.

1.3 Underwriting and management

Taylor Collison Limited is Lead Manager to the Entitlement Offer and has underwritten the full amount of the Entitlement Offer on the terms set out in the Underwriting Agreement. Customary with these types of arrangements:

- (a) the Underwriting Agreement includes a number of termination events, including:
 - (i) market related termination events, including in the event that there is a 10% fall in the S&P/ASX 200 Index;
 - (ii) a material adverse change in the condition, financial or otherwise, or in the assets, liabilities, earnings, business, results of operations, management or prospects of the Company from that described in this Information Booklet; and
- (b) the Underwriter will receive:
 - (i) an underwriting fee of up to 4% of the gross proceeds of the Entitlement Offer (excluding GST); and
 - (ii) a management fee of up to 2% of the gross proceeds of the Entitlement Offer (excluding GST);
- (c) the Underwriter is entitled to reimbursement of certain expenses;
- (d) Factor has agreed to indemnify the Underwriter and others against their losses in connection with the Entitlement Offer; and
- (e) The Underwriter is able to procure any person to sub-underwrite the Entitlement Offer and also have the right to nominate and determine who is to receive any Shortfall Shares.

1.4 Shortfall facility

A shortfall may arise if applications received for New Shares under the Entitlement Offer (including after the completion of the Top Up Facility (if any) and the Entitlements of Ineligible Shareholders) are less than the number of New Shares offered and the Underwriter or sub-underwriter do not acquire that shortfall under the Underwriting Agreement.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares within three months after the Closing Date to either existing or new Shareholders at their discretion. If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Entitlements not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares.

1.5 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders.

An Eligible Shareholder is a Shareholder on the Record Date who:

- (a) has a registered address on the Factor share register in Australia or New Zealand or is a Shareholder that Factor has otherwise determined is eligible to participate;

- (b) is not in the United States and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

1.6 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

1.7 Allotment

Factor will make an application within seven days from the date of this Information Booklet for quotation of the New Shares on ASX. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than five Business Days after the close of the Entitlement Offer.

Application Monies will be held by Factor on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their holding statement is at the Applicant's own risk.

1.8 Capital structure

Subject to the rounding up of fractional Entitlements and depending on the number of Factor options (if any) that are exercised before the Record Date, the capital structure of Factor following the issue of New Shares is expected to be as follows:

Existing Shares on issue as at 14 March 2018 (announcement of the Entitlement Offer)	730,042,783
Approximate new Shares issued under the Entitlement Offer	104,291,826
Approximate total number of Shares after the Entitlement Offer	834,334,609

The above figures assume that no existing options over Factor Shares will be exercised prior to the Record Date. There are 36,209,320 existing options, comprising:

Number	Exercise Price	Expiry date
630,000	\$0.08	14 September 2019
1,600,000	\$0.11	4 December 2020
7,000,000	\$0.11	30 June 2021
1,500,000	\$0.11	23 August 2021
1,400,000	\$0.035	4 July 2020
1,000,000	\$0.11	23 November 2021
18,579,320	\$0.11	23 June 2022
3,500,000	\$0.11	21 August 2022
1,000,000	\$0.11	17 November 2022

The Board of Directors considers it is unlikely that any existing options will be exercised before the Record Date. In the event that any existing options are exercised, however, any proceeds raised will be applied to the general working capital of Factor.

1.9 Effect on Factor's financial position

\$ 000's

Cash at 31 Dec 17	6,642
Entitlement Offer proceeds	4,170
Costs of Entitlement Offer	(320)
Pro-forma cash balance	10,492

Set out below is the consolidated balance sheet of Factor as at 31 December 2017 and a pro-forma balance sheet assuming the total funds raised under the Entitlement Offer is \$4,170,000 as at 31 December 2017.

	31-Dec-17 Appendix 4E \$ 000's	Entitlement Offer \$ 000's	31-Dec-17 Pro-Forma \$ 000's
Current assets			
Cash & cash equivalents	6,642	3,850	10,492
Trade and other receivables	76	0	76
Receivable: R&D tax rebate	1,173	0	1,173
Inventories	0	0	0
Other assets	82	0	82
Total current assets	7,973	3,850	11,823
Non-current assets			
Inventories	449	0	449
Properties, plant & equipment	49	0	49
Intangible assets	557	0	557
Total non-current assets	1,055	0	1,055
Total assets	9,028	3,850	12,878
Current liabilities			
Trade and other payables	1,198	0	1,198
Derivative financial instruments	30	0	30
Provisions	157	0	157
Other liabilities	30	0	30
Total current liabilities	1,414	0	1,414
Non-current liabilities			
Provisions	4	0	4
Total non-current liabilities	4	0	4
Total liabilities	1,418	0	1,418
Net assets	7,610	3,850	11,460
Equity			
Contributed equity	79,990	3,850	83,840
Reserves	413	0	413
Accumulated losses	-72,792	0	-72,792
Total equity	7,610	3,850	11,460

1.10 Information Availability

Eligible Shareholders can obtain a copy of this Information Booklet from the Factor website at www.factor-therapeutics.com or by calling the Share Registry on 1300 657 159 (within Australia) or +61 1300 657 159 (outside Australia) at any time from 8.30am to 5.00pm (Sydney time) during the Entitlement Offer period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.

2 Investor presentation



Advancing Wound Care

Investor presentation: Rights Issue

March 2018



Disclaimer

- The information contained in this presentation is not intended to be an offer for subscription, invitation or recommendation with respect to shares in any jurisdiction.
- No representation or warranty, express or implied, is made in relation to the accuracy or completeness of the information contained in this document or opinions expressed in the course of this presentation. The information contained in this presentation is subject to change without notification.
- This presentation contains forward-looking statements which can be identified by the use of words such as “may”, “should”, “will”, “expect”, “anticipate”, “believe”, “estimate”, “intend”, “scheduled” or “continue” or similar expressions. Any forward-looking statements contained in this presentation are subject to significant risks, uncertainties, assumptions, contingencies and other factors (many of which are outside the control of, and unknown to Factor Therapeutics Limited, and its officers, employees, agents or associates), which may cause the actual results or performance to be materially different from any future result so performed, expressed or implied by such forward-looking statements.
- There can be no assurance or guarantee that actual outcomes will not differ materially from these statements. Photographs of clinical subjects used in this presentation are illustrative of medical conditions associated with potential applications of VF001. Actual clinical results may vary from those shown.
- Relevant images accessed under Creative Commons.

Company overview

Focus	Advanced wound care and dermatology
Technology	Platform technology that targets delivery of a biological scaffold and linked growth factors
Lead Product	VF001 for the treatment of venous leg ulcers (VLU) Pivotal development phase in the EU, approaching Phase 3 in the US
Commercial Opportunity	VLU is a large and growing market with significant unmet need; biologics such as VF001 are the fastest-growing segment of chronic wound treatments
Differentiation	VF001 is a novel, first-in-class topical wound healing product with safety, efficacy and cost benefits that are ideally suited to the community setting, where the vast majority of patients are treated
Path to Market De-Risked	Clinical development strategy devised with significant regulatory input through previous interactions in the EU and with FDA
Pipeline	VF001 indication expansion, other opportunities in wound care/dermatology and applications of our vitronectin-based platform technology
IP	Patents granted in Australia, Canada, China, Europe, Hong Kong, Japan, New Zealand, Peoples Republic of Korea, Republic of South Africa and the United States

3

Market overview

\$0.047

(As of March 9, 2018)

Mkt. Cap. A\$34.3m

(As of March 9, 2018)

Focus	Advanced wound care
Clinical Stage	Pivotal EU Phase 2 US
Issued Shares	730,042,783
Options	36,209,320
Cash As of Dec 31, 2017	AUD \$6.6m
Anticipated R&D cash rebate	AUD \$1.1m
Symbol	FTT
Exchange	ASX
Research coverage	Morgans and Taylor Collison

4



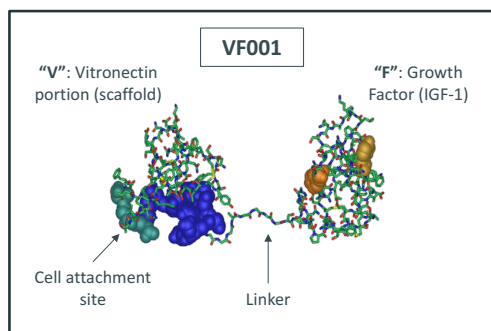
■ Institutions
■ Private stakeholders
■ Corporate stakeholders and employees
■ Retail

Substantial shareholders	% Issued Capital
Allan Gray Investment Management	13.32%
Fidelity Investment Management	9.86%
Acorn Capital	8.60%

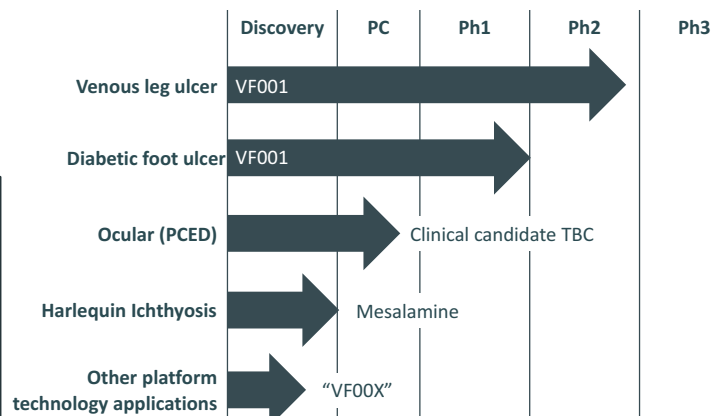
Game-changing technology and strong pipeline

Technology

- Our technology platform targets delivery of a biological scaffold and linked growth factors
- VF001 contains the growth factor IGF-1



Pipeline



5

Securing Phase 2b readout

- VF00102 execution has ensured a high-quality dataset but required extra time due to
 - Prolonged start-up and recruitment
 - Variable site performance
 - External factors (weather)
- Increased activity to optimise trial execution
 - Site mix reconfiguration
 - Marketing/advertising/social media

We have collaborated with PAREXEL to manage the cost impact, agreeing:

- Significant discount and revised payment schedule
- A clear recruitment deadline – beyond this, the cost impact of any further delays will be limited

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Use of funds

Drive lead programme – VLU

Complete Phase 2b recruitment and readout

End of Phase 2 regulatory readiness

- Dossier preparation EU and US
- Supporting safety data (mandated)
- Engage pre-submission

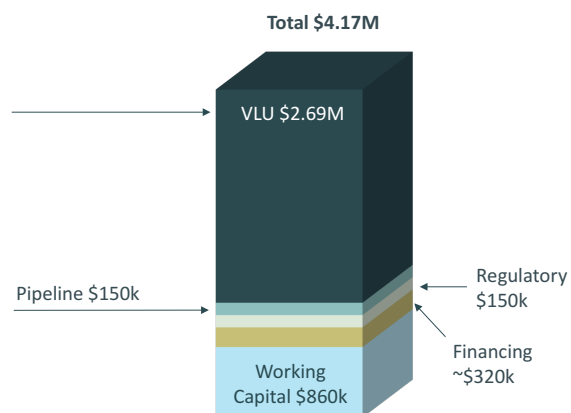
Progress selected pipeline assets to next milestones

Ocular

- Clinical candidate selection and orphan drug designation application

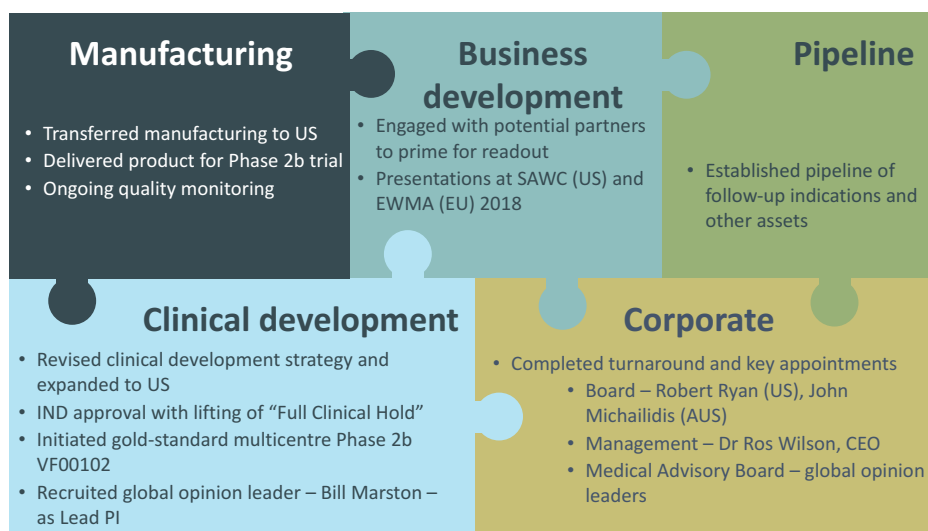
Next pipeline molecule “VF00X”

- Discovery and IP filing



7

Achievements since 2016



8

VF001 is a potential game-changer...

...delivering better outcomes...

...for a major unmet need

First-in-class, validated “bioactive”

- Targeted delivery of biological scaffold and linked growth factor
- Gold-standard evidence base and high quality manufacturing

Meeting the needs of patient, clinicians and payers

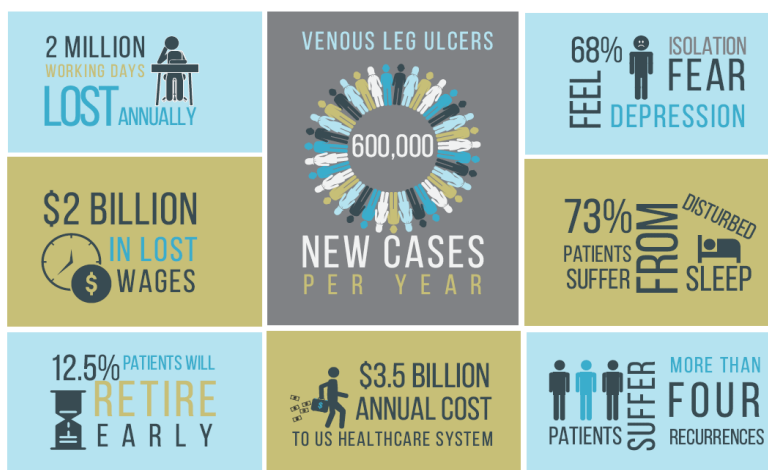
- Topical growth-inducer that fits readily into the clinical workflow
- Improved healing
- Reduced pain and improved quality of life
- Well-tolerated, benign safety profile
- Reduced treatment complexity, time and cost

The silent epidemic of VLU

- Common: 1-3% of the population, increasing with age
- Difficult to treat: can take many months to heal and frequently recur
- Costly: to the individual patient, healthcare system and society

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VLU: A silent epidemic and major unmet need

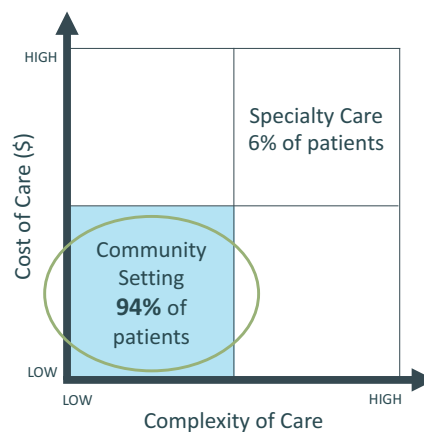


US data. Sen et al *Wound Repair Regen* 2009; doi:10.1111/j.1524-475X.2009.00543.x

10

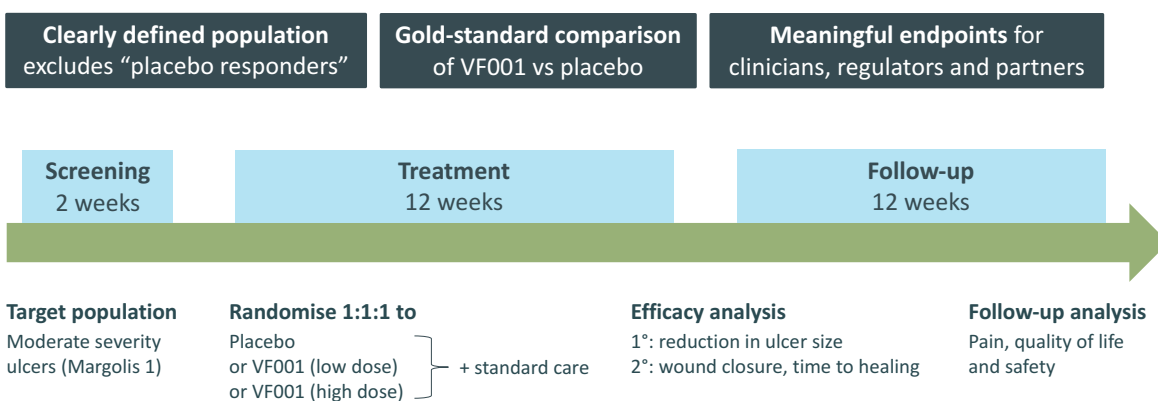
VLU is a primary care disease

- The vast majority – 94% – of patients are treated in the community
 - GP surgeries
 - Wound care clinics
 - Nursing homes/home nursing services
- Primary care setting offers greater breadth of opportunity



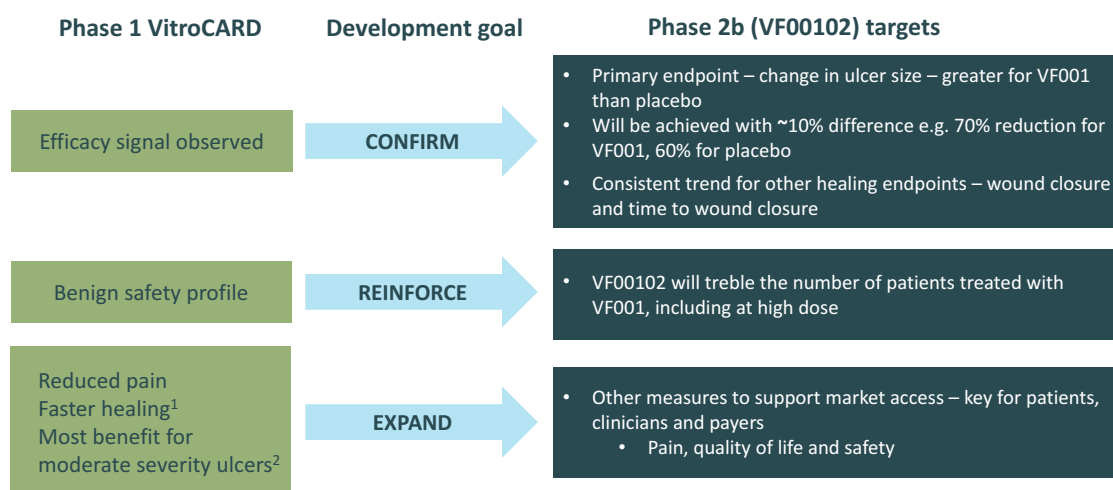
11

Phase 2b trial designed to define the benefit of VF001



12

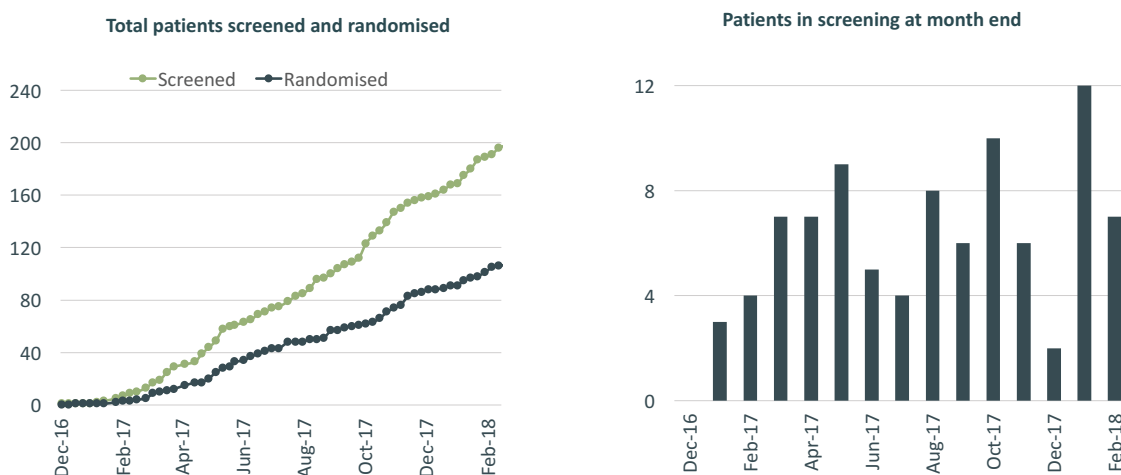
Phase 2b targets are clear and within reach



1. Shannon & Nelson *Int Wound J* 2016; doi: 10.1111/iwj.12687
 2. Data on file

13

Recruitment status



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Data quality remains on track

Change in ulcer size

VF00102 “snapshot” (lower curve)

- Data from 73 patients who have completed treatment (out of 107 randomised)

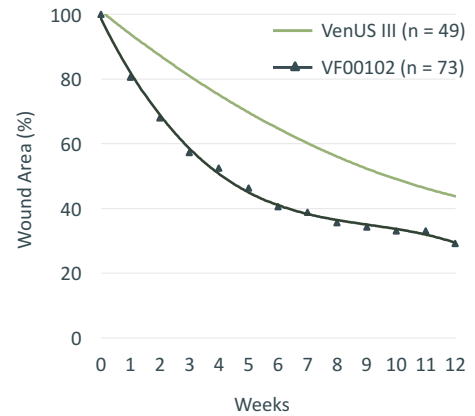
NOTE: Data are blinded and comprise 2/3 of patients treated with VF001 and 1/3 with placebo (plus standard care)

- Rapid wound area reduction in first 4 weeks
- Ulcer area halved by ~week 4
- At week 12, ulcer area reduced by ~70%

VenUS III informal benchmark subset (upper curve)

- 49 “Margolis 1” patients i.e. same wound type as VF00102 from a large UK study where all patients receive standard care
- Ulcer area halved by ~week 10
- At week 12, ulcer area reduced by ~55%

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Note: VF00102 is a blinded study and data shown are a composite of 1/3 patients treated with placebo and 2/3 with VF001. The benefit of adding VF001 to standard care will be determined when the study is unblinded.

Data quality remains on track

Pain levels – VF00102 snapshot

- Data from 73 patients who have completed treatment (out of 107 randomised)

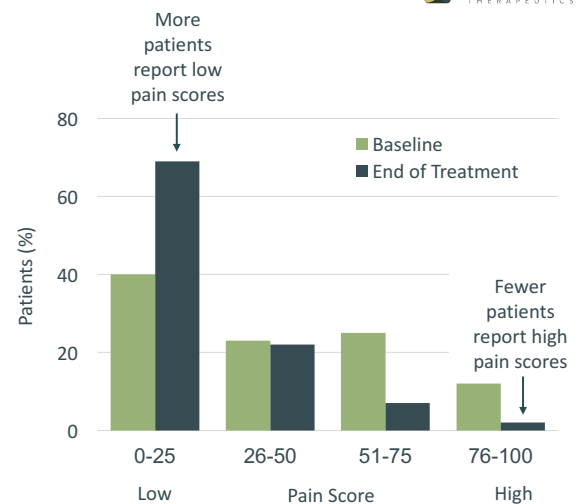
NOTE: Data are blinded and comprise 2/3 of patients treated with VF001 and 1/3 with placebo (plus standard care)

- At the end of treatment:
 - More patients report low pain scores
 - Fewer patients report high pain scores

Withdrawals and safety

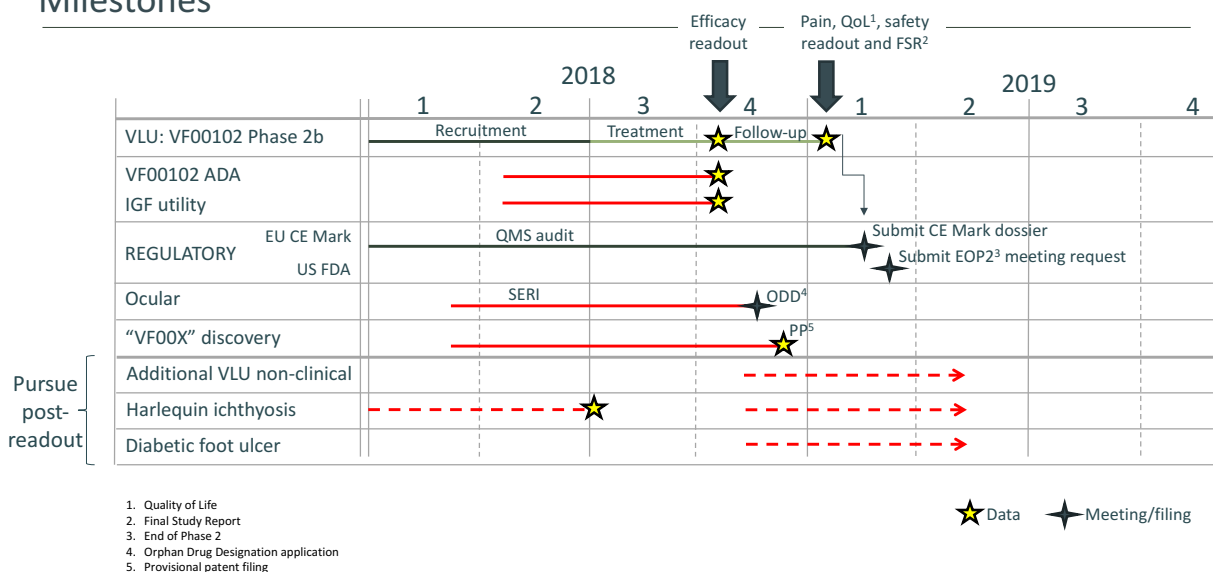
- Consistently lower dropout rate than expected (8 vs 15%)
 - Patients remain on study despite the added burden of being in a trial
- Treatment is well-tolerated
 - In line with previous experience
 - Potentially another reason patients are remaining on study

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Note: VF00102 is a blinded study and data shown are a composite of 1/3 patients treated with placebo and 2/3 with VF001. The benefit of adding VF001 to standard care will be determined when the study is unblinded.

Milestones



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Successful completion of Phase 2b is a major value inflection point

- Advances VF001 significantly towards realising its potential as a first-in-class, game-changing product for VLU
- Validates the Factor Therapeutics platform technology
- Establishes the basis to secure partnering opportunities with global companies having a commercialisation focus on wound care:

Regional, Limited Pharma Experience

Hartmann Group
Medline
Urgo

Emerging WC & Pharma Experience

Integra
Organogenesis
Osiris
MiMedx

Global Wound Care

3M
Acelity
ConvaTec
Mölnlycke
Novartis
Smith & Nephew

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Summary of offer

Offer	Non-renounceable Rights Issue entitlement offer
Ratio	1 New Share for every 7 existing Factor ordinary shares
Issue Price	\$0.04 per New Share
Size	104,291,826 New Shares
Gross proceeds	\$4.17 million
Discount	\$0.04 represents a 15% discount to the closing price of Factor shares on Friday, 9 March 2018 (being the last trading day before announcement of the Entitlement Offer)
Use of funds	Proceeds will be applied principally to both driving the lead program through the completion of phase 2b and towards end of phase 2 regulatory readiness; and to progress selected pipeline assets to next milestones.
Director participation	Each Factor Director currently eligible to participate in the Entitlement Offer has committed to take up all of their Entitlements under the offer. Mr John Michailidis, Non-Executive Director, has also agreed to partially sub-underwrite the Entitlement Offer up to an amount of \$40,000 through an agreement with Taylor Collison Limited as Underwriter.

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Timetable

Announcement of the Entitlement Offer	Wednesday, 14 March 2018
Mailing of the Entitlement Offer details in accordance with Appendix 3B	Thursday, 15 March 2018
Ex-date	Friday, 16 March 2018
Record Date for Entitlement Offer (7.00pm (Sydney time))	Monday, 19 March 2018
Information Booklet and Entitlement and Acceptance Form despatched	Thursday, 22 March 2018
Entitlement Offer opens	Thursday, 22 March 2018
Closing date for acceptances under Entitlement Offer (5.00pm (Sydney time))	Wednesday, 11 April 2018
Announcement of results of Entitlement Offer and under-subscriptions	Friday, 13 April 2018
Allotment of New Shares issued under the Entitlement Offer	Wednesday, 18 April 2018
Despatch of holding statements for New Shares issued under the Entitlement Offer	Thursday, 19 April 2018
Normal ASX trading for New Shares issued under the Entitlement Offer commences	Thursday, 19 April 2018

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Risks

Clinical trial risk	No assurance products will prove to be safe and efficacious. Unexpected effects may occur in clinical trial patients. Clinical trials may be suspended for safety, efficacy or product stability reasons.
Commercialisation of products	No guarantee products will be commercially successful. Ability to achieve profitability is dependant upon completing clinical trials successfully.
Risk of delay	Any material delays, including but limited to, completion of clinical trials and securing commercial partners may impact adversely upon the Company.
Dependence on commercial partners	Company is dependent on the performance of its commercial partners and the retention of key consultants and personnel for its specialised business.
Requirement to raise additional funds	Company currently has no material revenues. It may need to raise additional funds in the future, which may not be available on favourable terms, and which may have a dilutive effect on existing shareholders.
Intellectual property	Company's value may be impacted if its intellectual property is not able to be adequately protected.
Competition	Company may face competition from better-resourced industry participants.

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Experienced Management Team

Dr Rosalind Wilson, CEO

Dr Wilson's career has spanned a variety of senior leadership and advisory roles, from small, innovation-led businesses, to global biopharma, including strategy and portfolio management roles at F.Hoffman-LaRoche (Roche Australia, UK and Switzerland), and Business Manager at NucleusX.

Mr Nigel Johnson, COO

Mr Johnson has broad experience in manufacturing, supply chain management, quality, R&D and regulatory affairs. He has been involved in delivering multiple regulated products from a blank sheet of paper into manufacturing, including leading the clinical translation of five recombinant proteins.

Dr Gary Shooter, Director of R&D

Dr Shooter is an experienced Protein Chemist and has a proven track record in the GMP manufacture and characterisation of protein-based therapeutics and products. Prior to joining the company, Dr Shooter was a Senior Research Fellow and Leader of the Tissue Repair and Regeneration Program at QUT.

Ms Saskia Jo, Director of Finance

Ms Jo has over 10 years' commercial experience in finance and compliance. She has been with the Company since 2011. Ms Jo's prior experience includes international sales with Shisedo Company in Tokyo followed by five years in accounting and finances functions with Burrell Stockbroking.

Mr Anthony Bishop, Project Director

Mr Bishop has broad experience in a wide range of drug development and management roles. He previously worked for Quintiles in Australia and Asia in business development and project management roles, as well as leading drug development projects at CSL, Chakra Biotech and MerLion Pharmaceuticals.

Mr Michael Larcom, Director of Quality

Mr Larcom is an experienced Quality Assurance (QA) professional in the pharmaceutical and medical device industries. He has key skills in pharmaceutical formulation and process development, internal and external audits (FDA, TGA and other third party audits), supplier relationship management, CAPA, validation, quality systems and start up.

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Board of Directors

Dr Cherrell Hirst, Chairman

Dr Hirst has had a distinguished clinical career in the detection and diagnosis of breast cancer and extensive and respected achievements as a director of multiple commercial, government and not-for-profit companies including a number of life sciences start-ups. In addition she chairs the Advisory Board of the Institute of Molecular Biosciences at UQ.

Dr Christian Behrenbruch, NED

Dr Behrenbruch has over 15 years of healthcare executive leadership experience, including roles as CEO (and executive director) at Mirada Solutions, CTI Molecular Imaging, and ImaginAb, Inc. Dr Behrenbruch is currently the CEO of Telix Pharmaceuticals Limited.

Mr Timothy Hughes, NED

Mr Timothy Hughes has over 30 years' experience in senior roles in the investment management and investment banking industries, including roles as Chief Investment Officer at Rothschild Australia and Catholic Super. Mr Hughes currently sits on the Investment Committee of HESTA.

Mr John Michailidis, NED

Mr. Michailidis is a seasoned pharmaceutical executive of 30 years in the pharmaceutical and healthcare industry. John has held a number of C-suite positions in global pharmaceutical companies such as Roche as well as CEO of biotech companies and specialty companies such as AviPep and Orphan Australia respectively. More recently John was the first Managing Director of Teva Pharma Pty Ltd where he set up operations in Australian/New Zealand.

Dr Robert Ryan, NED

Dr. Ryan has more than 27 years of research, pharmaceutical and biotech experience, spanning the global development process across wide variety of regulatory and clinical activities. Dr. Ryan is currently the President and CEO of Innova Therapeutics, and prior to this position held senior management roles at Scioderm, Roche, Bristol-Myers Squibb (BMS) and Pfizer.

Ms Melanie Farris, Company Secretary

Ms Farris is an experienced governance professional and currently Chair of Synapse Australia Limited. She also holds governance roles with Telix Pharmaceuticals Limited (ASX:TLX), Invion Limited (ASX:IVX), Amplia Therapeutics Pty Ltd and Menzies Research Centre Limited.

3 How to apply

3.1 Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled under the Entitlement Offer (i.e. their Entitlement) is shown on the accompanying Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up their Entitlement in full and, if they do so, they may apply for additional New Shares under the Top Up Facility (refer to section 3.2);
- (b) take up part of their Entitlement, in which case the balance of the Entitlement lapses (refer to section 3.3); or
- (c) allow their Entitlement to lapse (refer to section 3.4).

Ineligible Shareholders may not take up any of their Entitlements.

Factor reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (Sydney time) on Wednesday, 11 April 2018** (however, that date may be varied by Factor, in accordance with the Listing Rules and the Underwriting Agreement).

3.2 Taking up all of your Entitlement and participating in the Top Up Facility

If you wish to take up your Entitlement in full, follow the instructions set out in the Entitlement and Acceptance Form.

If you have applied to take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 3.6 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than **5.00pm (Sydney time) on Wednesday, 11 April 2018** at the address set out below:

Factor Therapeutics Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

You may also take up all of your Entitlement and apply for Top Up Shares by payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than **5.00pm (Sydney) on Wednesday, 11 April 2018**.

If you do not return the Entitlement and Acceptance Form, amounts received by Factor in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many additional New Shares under the Top Up Facility as your Excess Amount will pay for in full.

If you apply for additional New Shares under the Top Up Facility and your application is successful (in whole or in part) your New Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. There is no guarantee you will receive any New Shares under the Top Up Facility. The Directors reserve their right to allot and issue New Shares under the Top Up Facility at their discretion.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer. If you wish to advise or change your banking instructions with the Share Registry you may do so by going to <https://www.linkmarketservices.com.au> and following the instructions.

3.3 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the other steps required under section 3.2.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY and Factor receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

3.4 Allow your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

3.5 Consequences of not accepting your Entitlement

If you do not accept all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the Underwriter or sub-underwriter/s or under the Top Up Facility.

No party will acquire a relevant interest in voting Shares exceeding 20% as a result of the Entitlement Offer or the placement of any Entitlement Offer shortfall.

3.6 Payment

The consideration for the New Shares (including under the Top Up Facility) is payable in full on application by a payment of \$0.04 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Factor Therapeutics Limited – Entitlement Offer**' and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

3.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms of this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under the laws of any other jurisdiction outside Australia or New Zealand; and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

3.8 Brokerage and Stamp Duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

3.9 Notice to Nominees and Custodians

Nominees and custodians may not distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand, and beneficial holders of Shares who are institutional or professional investors in other countries that Factor has approved as being a country in which investors are eligible to participate, as well as any other country to the extent Factor may determine it is lawful and practical to make the Entitlement Offer.

4 Principal risk factors

4.1 Introduction

An investment in Factor should be considered speculative. This section identifies the major risks associated with an investment in Factor.

4.2 Specific risks

Below is an analysis of some of the specific business risks facing Factor in the conduct of its activities. Factor is exposed to risks relevant to many businesses, including increasing competition, information systems failure risk and protection of intellectual property. This section is intended to be a concise summary of the key risks to Factor's business – not an exhaustive list of all possible risks.

Clinical trial risk

The research and development process for commercialising biopharmaceuticals includes clinical studies. As the Company's product portfolio is still in development there is exposure to clinical trial risk which includes failure to achieve goals for efficacy and safety wherein the Company may have to abandon a product even in the late stages of development (for example, Phase 3 clinical development). Factor may be unable to secure necessary approvals from regulatory agencies and institutional bodies (clinics and hospitals) to conduct future clinical trials. There is also no assurance that products developed using Factor's technology will prove to be completely safe and efficacious in clinical trials, or that the regulatory approval to manufacture and market its products will be received. Clinical trials might also potentially expose Factor to product liability claims in the event its products in development have unexpected effects on clinical trial subjects.

To the extent it is available on reasonable terms, Factor intends to maintain clinical trial insurance, however there is no guarantee such insurance will be held to be valid or be sufficient to cover any liability which may arise.

Commercialisation of products

Factor's ability to achieve profitability is dependent on a number of factors, including its ability to complete successful clinical trials and obtain regulatory approval for its products and successfully commercialise those products. There is no guarantee that Factor's products will be commercially successful.

There are many reasons why initially promising products fail to be successfully commercialised. For example, clinical trials may be suspended for product stability, safety or efficacy reasons, following development it may prove difficult or impossible to manufacture the product on a large scale, or during the period of development competitors (including those with greater resources) may emerge with competing or alternative treatments.

Unexpected safety or efficacy concerns

Pharmaceutical products can develop unexpected safety or efficacy concerns. Generally the side effects profile of biopharmaceuticals cannot be fully established based upon preapproval clinical trials. When side effects are observed product labelling may evolve to include restrictions to certain populations, new contraindications, warnings or precautions. Clinical trials undertaken by Factor have many associated risks which may impact the Company's profitability and commercial potential. They may prove unsuccessful or non-efficacious, impracticable or costly. The clinical

trials could be terminated and this would likely have a significant adverse effect on the Company, the value of its securities and the future commercial development of the Company's products.

After approval the Company's products may be used for longer periods of time by a larger number of patients and regulators and payers collect additional information on marketed products by continuous monitoring of use. The Company may conduct post-market surveillance and clinical studies that may result in labelling changes to the Company's products. Labelling changes could potentially impact commercialisation. Serious safety or product performance issues could result in voluntary or mandatory product recalls.

Competition

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. To compete successfully the Company must deliver to the market cost effective products that meet important and unmet medical needs. Factor's products may compete with existing alternative treatments that are already available to customers. In addition, a number of companies, both in Australia and abroad, may be pursuing the development of products that target the same conditions that Factor is targeting. Some of these companies may have, or develop, technologies that may be perceived to be superior to Factor's own technology, including by generic or biosimilar versions of the Company's products. Factor may face competition from parties who have substantially greater resources than Factor.

Risk of delay

The Company may experience delay in achieving a number of critical milestones, securing further commercial partners, completion of clinical trials, obtaining regulatory approval (to commence sales) or reimbursement approvals (for sales growth), manufacturing, product launch and sales in one or more jurisdictions. Any material delays may impact adversely upon the Company, including the timing of any revenues under milestone or sales payments.

Dependence on commercial partners

There is no guarantee that Factor will be able to find suitable industry partners or that it can negotiate attractive commercial terms for future medical indications or in all jurisdictions.

The success of Factor's partnering arrangements may depend on the resources devoted to them by itself or its industry partners. Collaborative agreements may be terminable by Factor's partners. Non-performance, suspension or termination of relevant agreements is likely to have a material and adverse impact on Factor's business, financial condition and results of operations.

Development of manufacturing processes

The Company intends to further develop and revise its manufacturing processes. Integrating the outcome of development is complex and potentially disruptive to operations and commercialisation. Unexpected delays and difficulties integrating manufacturing changes could lead to additional expenses, and/ or failure to achieve expected results and milestones.

Regulatory approvals

The research, development, manufacture, marketing and sale of products using Factor's technology are subject to varying degrees of regulation by a number of government authorities in Australia and overseas including the FDA.

Obtaining approval for marketing authorisation is generally a substantial and regulated process requiring extensive documentation and data regarding quality, safety and product performance to be provided to regulatory authorities. Regulatory processes differ from one jurisdiction to another

and each authority may impose its own requirements including local studies even if a product is approved in another country.

The Company intends to revisit its European Medicines Agency (EMA) submission for CE Mark on the basis of the data obtained in the ongoing US clinical study. Whilst the Company is informed by previous processes with the EMA, there remains the possibility that CE Mark approval is not granted.

The ability to sell the Company's products in the USA is subject to regulatory approval from the FDA. The FDA requires indication-specific clinical trial data for approval for sale and therefore obtaining FDA marketing approval for indications other than venous leg ulcers may require further FDA clinical trials and regulatory review. Prior to granting approval the FDA may require a confirmatory trial to show the Company's products provide a clinical benefit in that indication.

Reimbursement

In many territories, products such as those produced by the Company, must follow a formal reimbursement process in order to be commercially successful. The availability and timing of reimbursement may have an impact upon the uptake and profitability of products in some jurisdictions.

Furthermore, any of the products utilising Factor's technology may be shown to cause adverse events, not to be effective, uneconomical to market, compete with superior products marketed by third parties or not be as attractive as alternative treatments.

The regulatory environment is subject to change as many Western countries pursue health sector cost reforms. These changes may increase the costs associated with obtaining and maintaining regulatory approvals and reimbursement for the Company's products. This risk remains despite the fact that Factor has conducted economic modelling and retained expert consultants to assist with regulatory approval and reimbursement processes.

Requirement to raise additional funds

The Company may be required to raise further additional equity or debt capital in the future. There is no assurance that the Company will be able to raise further capital when required or, even if available, the terms may be unsatisfactory. If Factor is unsuccessful in obtaining funds when they are required, Factor may need to delay or scale down its operations.

Reliance on third-party relationships and outsourcing arrangements

The Company utilizes third parties, including suppliers and third-party service providers for product development, manufacture and commercialisation of products, and certain financial transactional processes. For example, the operation of clinical trials may be outsourced to a contract research organisation. Outsourcing these functions involves the risk that the third party service provider may not comply with regulatory and legal requirements, may not produce reliable results, may not perform in a timely manner or fail to perform at all, may not maintain confidentiality or meet contractual or other obligations. Failure of these third parties could have a material adverse effect on the Company.

Worsening economic conditions

Biopharmaceuticals have not generally been sensitive to overall economic cycles, however prolonged economic slowdowns could impact commercialisation. If third party service providers, suppliers or commercial partners experience financial difficulties, the Company could experience performance delays or defaults by suppliers and service providers.

A substantial proportion of the Company's operations occur outside Australia and the Company faces risk exposure to exchange rates for foreign currencies. The risks primarily relate to the Australian dollar against the Euro and the US dollar. The Company uses currency rate risk management techniques to manage a portion of these exposures however significant fluctuations in currency rates can have an impact on operations and cash reserves.

Commercial, manufacturing and distribution capability

Biopharmaceutical manufacturing is regulated and complex. Factor's ultimate success is dependent upon its ability, directly or through its partners, to manufacture its products on a commercial scale, with continuity of supply and in accordance with current Good Manufacturing Practices, prescribed by the regulatory authorities. Material difficulties at contracted facilities, or failure or refusal of a contract manufacturer to supply in a timely manner could result in product shortages, manufacturing stoppages or clinical trial delays. Difficulties could arise for a variety of reasons including, but not limited to, quality or compliance problems, natural disaster, inability to obtain raw materials or impairment of assets such as cell banks used for production.

Delays and difficulties in the future manufacture of products for trials or commercial purposes or with packagers or distributors could delay market introduction and subsequent sales of Factor's products. More particularly, any contamination or other failure in the manufacture of the compounds that are supplied or subsequently manufactured could result in delay, increased costs, exposure to liability for breach of obligations as well as regulatory and statutory standards, loss of funding and / or regulatory approval.

Factor's development portfolio consists of biological entities that may bring significant future benefit, but which may also lead to more technical constraints and further industrial investments as biological products are complex to produce.

Information technology systems

The Company relies on the efficient and uninterrupted operation of complex information technology systems and infrastructure, some of which are outsourced. These systems are potentially vulnerable to damage or interruption from a variety of sources including, but not limited to, telecommunications failures, natural disasters or malicious intrusion.

Retention of key personnel and contract researchers

Because of the specialised nature of Factor's business, Factor is highly dependent upon qualified, scientific, technical and managerial personnel.

The loss of the services of existing personnel, as well as the failure to recruit additional key scientific, technical, managerial and other personnel in a timely manner could harm Factor's R&D programs and its business.

Intellectual property

The Company's products benefit from certain intellectual property protections such as patents and potentially non-patent exclusivity periods.

Factor's success will depend in part on the ability to obtain commercially valuable patent claims and to protect its intellectual property. Accordingly, Factor and its research partners face the following risks and uncertainties with respect to the licensed patents and any other patents subsequently licensed or issued to Factor:

- (a) the licensed patents may not result in issued patents or may take longer than expected for patents to issue;

- (b) the claims of any patents that are issued from the licensed patents may not provide meaningful protection;
- (c) Factor and its research partners may not be able to develop additional proprietary technologies that are patentable;
- (d) the licensed patents and any other patents subsequently licensed or issued to Factor or its industry partners may not provide a competitive advantage;
- (e) other companies may challenge the licensed patents and any other patents subsequently licensed or issued to Factor or its industry partners;
- (f) other companies may independently develop similar or alternative technologies, to those of Factor or duplicate Factor's technology;
- (g) other companies may design around technologies Factor has licensed or developed;
- (h) if letters patent do not issue in respect of a licensed patent, then the value of Factor's intellectual property rights may be significantly diminished. Further, any information contained in the licensed patents will become part of the public domain, so that it will not be protected as confidential information; or
- (i) outside the major markets some countries may consider granting compulsory license to use patents protecting the Company's products, which limits the protection granted to such products.

As legal regulations and standards relating to the validity and scope of patents continue to evolve, the degree of future protection for Factor's proprietary rights is uncertain.

Factor may incur substantial costs in asserting any patent or intellectual property rights and in defending legal action against it relating to intellectual property rights. Such disputes could substantially delay Factor's product development or commercialisation activities.

In addition to patents, Factor depends upon trade secrets and proprietary know-how to protect its proprietary technology. Any agreements between Factor and its employees and consultants may not provide adequate protection for Factor's trade secrets, know-how, or other proprietary information in the event of any unauthorised use or disclosure.

Factor may from time to time need to acquire or licence intellectual property from third parties to develop and commercialise its own suite of intellectual property and products. There is no guarantee such acquisition or licence can be obtained or, if obtained, that it will be on reasonable commercial terms.

Litigation

There is a risk that the Company may in future be the subject of or required to commence litigation. There is, however, no litigation currently underway or threatened.

4.3 General market risks

Investors should be aware that the market price of Factor's securities may be influenced by a number of factors. General movements in local and international stock markets, exchange rates, prevailing economic conditions, investor sentiment and interest rates could all affect the market price of Factor's securities. These risks apply generally to any investment on the stock market.

In addition to the general risks associated with investing in the stock market, there are risks specific to investing in any particular entity. Some risks may be outside Factor's control and not capable of mitigation. If in doubt about the general or specific risks associated with Factor's securities, you should seek advice from your professional advisers.

Investment risks

Factors affecting the price at which Factor Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of a listed entity's securities are affected by factors that might be unrelated to its operating performance, such as general market sentiment.

Macro economic risks

Factor's operating and financial performance is influenced by a variety of general economic and business conditions, both domestic and global, including the level of inflation, commodity prices, interest rates and government fiscal, monetary and regulatory policies.

Taxation risks

A change to the current taxation regime in Australia or in overseas jurisdictions in which Factor operates may affect Factor and its shareholders.

Accounting standards

Australian accounting standards are set by the Australian Accounting Standards Board (**AASB**) and are outside Factor's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Factor's financial statements.

5 Definitions

These definitions are provided to assist the understanding some of the expressions used in this Information Booklet.

Term	Definition
\$	means Australian dollars.
Applicant	means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application	means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application Monies	means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Business Day	means a business day as defined in the Listing Rules.
Closing Date	means the day the Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Directors	means the directors of Factor.
Eligible Shareholder	means a Shareholder as at the Record Date who is not an Ineligible Shareholder.
EMA	means the European Medicines Agency.
Entitlement	means the right to subscribe for New Shares under the Entitlement Offer.
Entitlement and Acceptance Form	means the Entitlement and Acceptance Form accompanying this Information Booklet.
Entitlement Offer	means the non-renounceable entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 7 Shares of which the Shareholder is the registered holder on the Record Date, at the Issue Price pursuant to this Information Booklet.
Existing Shares	means the Shares already on issue in Factor as at the Record Date.
Factor or Company	means Factor Therapeutics Limited ACN 101 955 088.

Term	Definition
FDA	means the US Food and Drug Administration.
Ineligible Shareholder	means a Shareholder as at the Record Date whose registered address is not located in Australia or New Zealand.
Information Booklet	means this document.
Investor Presentation	means the presentation to investors, in section 2 of this Information Booklet.
Issue Price	means \$0.04 per New Share.
Lead Manager	means Taylor Collison Limited ACN 008 172 450.
Listing Rules	means the official listing rules of ASX.
New Shares	means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Top Up Facility or to the Underwriter or sub-underwriter.
Record Date	means 7.00pm (Sydney time) on Monday 19 March 2018.
Shareholders	mean holders of Shares.
Shares	means fully paid ordinary shares in the capital of Factor.
Share Registry	means Link Market Services Limited ACN 083 214 537.
Shortfall Shares	means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer, together with those New Shares to which any Ineligible Shareholders would otherwise have been entitled.
Top Up Facility	means the facility described in section 1.2 under which certain Eligible Shareholders may apply for New Shares in excess of their Entitlement.
Top Up Shares	means extra Shares a Shareholder may apply for in excess of their Entitlement under the Top Up Facility.
Underwriter	means Taylor Collison Limited ACN 008 172 450 AFSL 247083
Underwriting Agreement	means the underwriting agreement dated 13 March 2018 between Factor and the Underwriter.

6 Corporate information

Company

Factor Therapeutics Limited
ACN 101 955 088
c/- McCullough Robertson Lawyers
Level 11, 66 Eagle Street
BRISBANE QLD 4000
Tel (07) 3334 3900
Fax (07) 3334 3999
www.factor-therapeutics.com

Lead Manager and Underwriter

Taylor Collison Limited
ACN 008 172 450
AFSL: 247083
Level 10
167 Macquarie Street
Sydney NSW 2000
www.taylorcollison.com.au

Directors

Dr Cherrell Hirst, AO (Non Executive Chairman)
Mr Timothy Hughes (Non Executive Director)
Dr Christian Behrenbruch (Non Executive Director)
Dr Robert Ryan (Non Executive Director)
Mr John Michailidis (Non Executive Director)

Lawyers

McCullough Robertson Lawyers
Level 11, 66 Eagle Street
BRISBANE QLD 4000
Tel: 07 3233 8801
www.mccullough.com.au

Executive

Dr Rosalind Wilson (Chief Executive Officer)
Mr Nigel Johnson (Chief Operating Officer)

Company Secretary

Ms Melanie Farris

Share registry

Link Market Services Limited
ABN 54 083 214 537
Level 21, 10 Eagle Street
Brisbane QLD 4000
Tel 1300 554 474
www.linkmarketservices.com.au



ABN 45 101 955 088

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: 1300 554 474
From outside Australia: +61 1300 554 474
ASX Code: FTT
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement Number:

Number of Eligible Shares held as
at the Record Date, 7:00pm (Sydney time)
on 19 March 2018:

Entitlement to New Shares
(on a 1 New Share for 7 basis):

Amount payable on full acceptance
at A\$0.04 per Share:

Offer Closes 5.00pm (Sydney time):	11 April 2018
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 7 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.04 per New Share. You may also apply for New Shares in excess of your Entitlement, at the Offer Price. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Information Booklet dated 14 March 2018. The Information Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Information Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Information Booklet.

If you do not have a paper copy of the Information Booklet, you can obtain a paper copy at no charge, by calling the Factor Therapeutics Limited Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement (as shown above), or take up all of your Entitlement and apply for additional New Shares, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5.00pm (Sydney time) on 11 April 2018. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Application Form for the number of Shares subject of your application payment.



Biller Code: [XXXXXXX]
Ref:

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5.00pm (Sydney time) on 11 April 2018.

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment



ABN 45 101 955 088



SRN/HIN:

Entitlement Number:

A Number of New Shares accepted (being not more than your Entitlement shown above)

B Number of additional New Shares

C Total number of New Shares accepted (add Boxes A and B)

D PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Factor Therapeutics Limited – Entitlement Offer” and crossed “Not Negotiable”.

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

E CONTACT DETAILS – Telephone Number

Telephone Number – After Hours

Contact Name

FACTOR THERAPEUTICS LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Information Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Information Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Factor Therapeutics Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.04.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Application for Additional New Shares

You can apply for more New Shares than your Entitlement. Please enter the number of **additional** New Shares above your Entitlement for which you wish to apply into Box B. Your Application for additional New Shares may not be successful (wholly or partially). The decision of Factor Therapeutics Limited on the number of New Shares to be allocated to you will be final. No interest will be paid on any Application Monies received or returned.

C. Total Number of New Shares Subscribed for

To calculate total number of New Shares subscribed for, add Box A and Box B and enter this in Box C.

D. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section D. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Factor Therapeutics Limited – Entitlement Offer" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Factor Therapeutics Limited may treat you as applying for as many New Shares and Additional New Shares as your cheque, bank draft or money order will pay for.

E. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Information Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Factor Therapeutics Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Factor Therapeutics Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5.00pm (Sydney time) on 11 April 2018. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Factor Therapeutics Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Factor Therapeutics Limited Offer Information Line on 1300 657 159 (within Australia) or +61 1300 657 159 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.